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REPORT ON TRADE AND TARIFFS
IN
SOUTH AMERICA

1916



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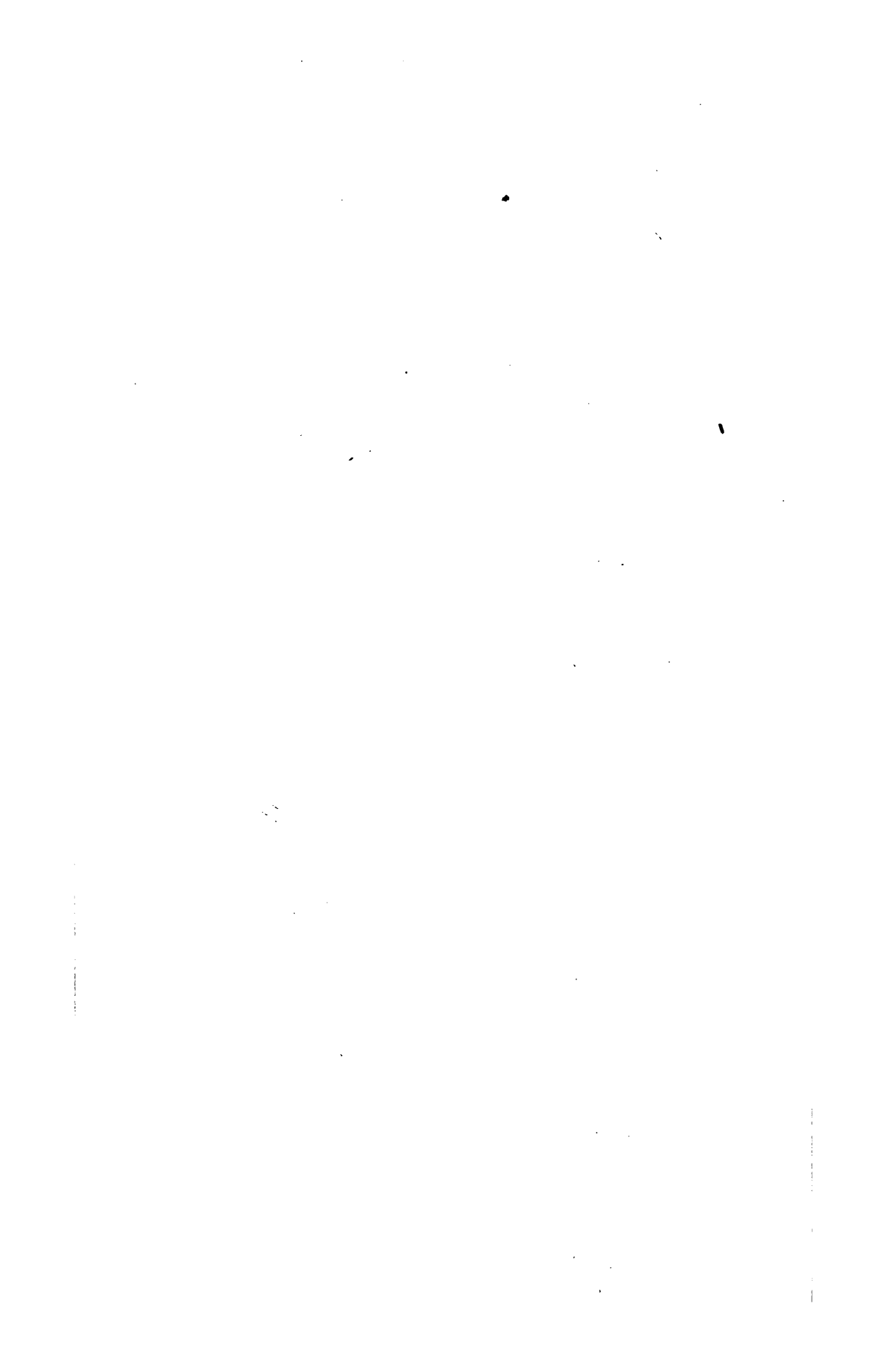
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REPORT ON
TRADE AND TARIFFS

IN

BRAZIL, URUGUAY, ARGENTINA
CHILE, BOLIVIA, AND PERU



JUNE 30, 1916



WASHINGTON
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EDWARD N. HURLEY, *Vice Chairman.*

WILLIAM J. HARRIS.

WILL H. PARRY.

GEORGE RUBLEE.

LEONIDAS L. BRACKEN, *Secretary.*

2

OCT 15 1937

A. M. S.

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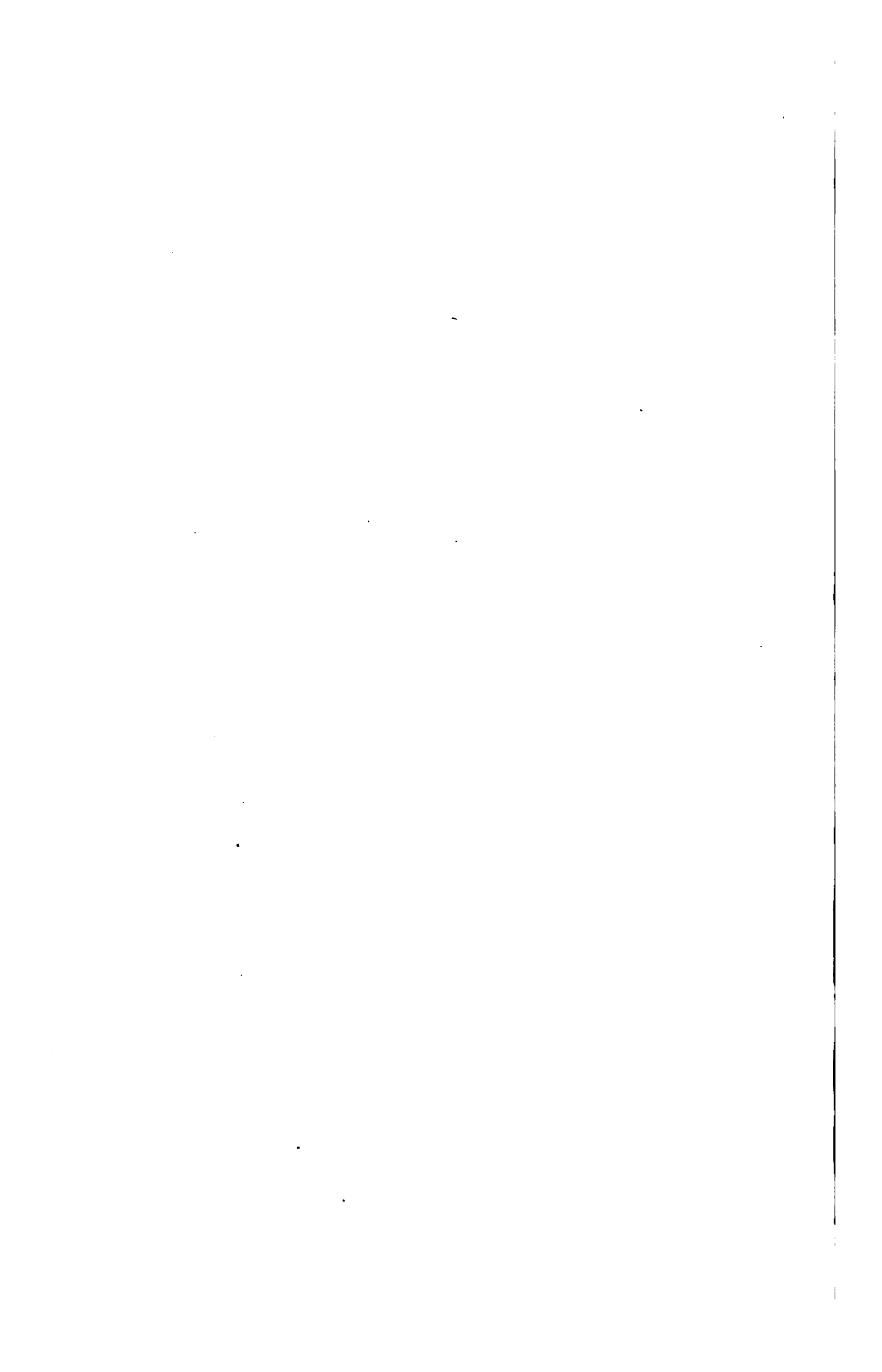
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It is not possible to name all who contributed to this report, but the following distinguished men, prominent in the administration of the customs and in the conduct of the affairs of the treasury in the respective countries, are entitled to special mention and thanks: Dr. Paulo e Silva, inspector of the customs at Rio de Janeiro, Brazil; Sr. D. Pedro Cosio, the minister of the treasury of Uruguay; Sr. D. Alejo Ydiartegaray, director general of the customs at Montevideo, Uruguay; Sr. D. Ricardo Pillado, director general of commerce and industry of Argentina; Sr. D. F. Augustin Pinedo, under secretary of the treasury of Argentina; Sr. D. Alberto Caprile, administrator of the customhouse at Buenos Aires, Argentina; Sr. D. Arnado Quezada, minister of the treasury of Chile; Sr. D. Salvador Zegers, superintendent of the Chilean customhouses; Sr. D. Pacifico Dalence, director general of the Bolivian customs service; Sr. D. Aurelio Garcia y Lastres, minister of the treasury of Peru; Sr. D. Luis de Izcue, collector of customs at Callao, Peru; Dr. Heraclides Perez, director of administration of the treasury, Peru.

Special thanks are also due the following prominent citizens, not at present in official life: Dr. Amaro Cavalcanti, of Brazil; Dr. Ricardo C. Aldao, of Argentina; Sr. D. Pedro Luis Gonzales and Sr. D. Eliseo Gutierrez M., of Chile.

The Commission also wishes to make acknowledgment of the services of Messrs. William S. Culbertson and Robert H. Vorfeld, special counsel and special expert, respectively, of this Commission in the investigation of this subject in South America and in the preparation of this report.

LETTER OF SUBMITTAL.

FEDERAL TRADE COMMISSION,
June 30, 1916.

To the Congress of the United States:

The Federal Trade Commission submits herewith a Report on Trade and Tariff Conditions in Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru. The report is an outgrowth of the First Pan American Financial Conference, which met at Washington on May 24-29, 1915. The immediate purpose of the report was to furnish the American branch of the International High Commission, appointed as a result of this financial conference, with concrete information which would assist it in the deliberations of the full International High Commission, held at Buenos Aires last April.

This report has been prepared in the spirit of those words uttered by the President on May 24, 1915, in his opening address before the financial conference. "The basis of successful commercial intercourse," he said, "is common interest, not selfish interest. It is an actual interchange of services and of values; it is based upon reciprocal relations and not selfish relations. It is based upon those things upon which all successful economic intercourse must be based, because selfishness breeds suspicion; suspicion, hostility; and hostility, failure. We are not, therefore, trying to make use of each other, but we are trying to be of use to one another."

Realizing how vitally tariff laws and regulations affect the movements of commerce and believing that a study of them would be useful to both the Governments and the business interests of all the American Republics, the Federal Trade Commission has sought to point out in the trade conditions and in the customs laws and practices of Latin America the obstacles encountered, and at the same time to indicate to American business men and to the Governments of both North and South America how these obstacles may be wholly or partly removed.

PERMANENT EXPORT POLICY.

Responsibility for success in export trade rests primarily on the American producers. They must cease to regard the export business, as many of them still do, as a by-product of domestic trade and the foreign market as a place in which they may peddle their unsold wares.

In order to meet the competition of Europeans in the Latin American markets, the American producers must go into the foreign market and learn its methods and conditions. They must have agents who understand and speak the language; they must know the people,

cater to their wants and preferences, and manufacture according to their standards; they must make concessions to the Latin American's need of credit; they must acquaint themselves with the commercial laws, which, being in many respects unlike those of the United States, require vigilance to protect the financial outlay of the exporter; they must meet as a factor in competition the goods produced by domestic industries fostered and protected by certain Latin American tariffs; they must know the documents required by the customhouses and understand how to make them out in order to avoid delays and fines; they must understand packing for export, not merely for the protection of their goods, but especially for the advantages which it may give them in clearing their merchandise in the customhouses; they must understand, or have customs brokers who understand, the classification of goods and the regulations and procedure of the customhouses, in order that they may clear their goods as advantageously as their competitors. Successful merchandising in Latin America, in short, requires a sympathetic appreciation of the needs of the people and a minute knowledge of the methods by which competition is carried on in their markets.

SOUTH AMERICAN PRODUCTS IN OUR MARKETS.

In the nature of things the extension of our trade with the countries of South America has for its complement the extension of their trade with us and the development of their resources. Ships which go from our ports to South America carrying our manufactured goods should return with full cargoes of those products which our neighbors have to sell.

Not only is South America a desirable place in which to purchase many products consumed directly or indirectly by the American people, but it is also a desirable place for the investment of capital. In comparison with its immense natural resources the investment of capital in South America is small. The opportunities for profitable investment are many. American business and financial interests must realize that if they are to share the benefits of South American markets, they must help make them by developing their great resources.

AMERICAN CUSTOMS LAWS AND REGULATIONS.

This report is not intended to be a study of the customs laws of the United States. The consideration of this subject belongs to other departments of the Government. The Commission realizes, however, that there is room for simplification and improvement in the customs procedure and regulations of the United States, and suggestions from the countries of Latin America as to what reforms

they think would improve our commercial relations should be welcomed and received with sympathetic consideration.

CUSTOMS LAWS AND REGULATIONS IN LATIN AMERICA.

Prominent Latin Americans with whom the Commission's representatives conferred recognize the fact that complications and uncertainties in customs laws and regulations of their countries are not merely a burden to trade, but influences detrimental to the revenues and credit of their Governments.

Some Latin American tariffs are complicated by the official valuation of merchandise and although ad valorem in form are specific in substance. Official valuation serves no useful purpose which might not be, with equal effectiveness, served in another way. Chile and Peru have already substituted for it the simple specific tariff,¹ and a like reform in the other countries would apparently be beneficial to all of them. In specific tariffs, whether simple or disguised in a system of official valuation, a scientific classification of merchandise is imperative. Unfortunately, it is lacking in many of the tariff laws of Latin America. In the interests of fair trade and efficient administration classification of merchandise should be brought into conformity with the nomenclature and processes of modern industry.

Latin American surtaxes, those which in substance amount to a horizontal increase in the tariffs, if they are retained, should be consolidated with basic duties, both for the sake of simplicity and certainty.

It will be profitable to honest importers and Governments alike to make the customs régime, from the consul at the port where the goods originate through each step of customs procedure to the final audit, an effective means of control. To this end, less emphasis should be placed on the revenue collected by the consul and the perfunctory legalization of documents and more on the verification of values and the furnishing of information which will assist in the administration of the customs in his country. The forms of consular invoices and ships' manifests used in the customhouses of the American Republics should be made uniform by international agreements. Regulations relating to bills of lading and manifests should be amended to prevent such irregularities as illegal transfer of goods and smuggling; if fines are retained as a means of control in the customhouses, they should be made to serve their intended object instead of being, as they now frequently are, burdens on honest clearance of goods; illicit importation in the guise of abandoning goods and undervaluation should be suppressed; and, above all, as a corrective of irregularities and as a support to the entire customs

¹ Colombia, Ecuador, and Venezuela also have specific tariffs.

administration, an independent, efficient audit system should be installed in those customhouses of Latin America which do not now have it.

THE AUDIT.

Too much emphasis can not be placed upon the importance of the audit in every customhouse, whether in North or South America. Independence and effective control here will not only tend to suppress unfair trade methods and illegal practices, but it will inevitably increase, for those Governments now lacking it, their revenues, and at the same time increase the confidence of foreign bankers and syndicates in their financial soundness. Wherever customs receipts bear a vital relation to the resources of a Government the practices of a customhouse are certain to be regarded as an indication of the Government's attitude toward financial matters.

The conditions resulting from the present European war have laid new responsibilities on all the countries of this hemisphere. They rest upon both business men and Governments. If we are to be mutually helpful, we must recognize these responsibilities and meet them promptly.

Respectfully submitted.

JOSEPH E. DAVIES, *Chairman.*

EDWARD N. HURLEY, *Vice Chairman.*

WILLIAM J. HARRIS.

WILL H. PARRY.

GEORGE RUBLEE.

REPORT ON TRADE AND TARIFFS IN BRAZIL, URUGUAY, ARGENTINA, CHILE, BOLIVIA, AND PERU.

CHAPTER I.

INTRODUCTION AND SUMMARY.

Section 1. Origin of the report.

At the request of the President, the Federal Trade Commission undertook, under the provisions of paragraph (h) of section 6 of the Federal Trade Commission act, in December, 1915, an investigation of trade and tariff conditions in certain of the countries of Latin-America. The suggestion originated with Mr. McAdoo, Secretary of the Treasury, who, as chairman of the American branch of the International High Commission, desired definite information which would assist him and his colleagues at the meeting of the International High Commission at Buenos Aires in April, 1916. This commission was appointed as a result of the first Pan American financial conference held at Washington, May 24-29, 1915, and consists of representatives of each of the American Republics.

The representatives of the Federal Trade Commission studied conditions in Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru, and the results of their work were placed in the hands of Secretary McAdoo before he sailed for Buenos Aires in March, 1916.

Although the immediate origin of this report was the work of the International High Commission, the Federal Trade Commission has sought in its preparation to make it of general utility to all those interested in the development of commercial intercourse between North and South America, and with this aim has endeavored to indicate clearly what may be done by private interests and Governments alike to facilitate and encourage it.

Section 2. Sources of information.

In addition to private and official publications, which were constantly consulted, the information contained in this report was obtained from the following sources:

The representatives of the Federal Trade Commission visited the leading customhouses of Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru, and there witnessed the actual clearance of merchandise

and studied customs procedure, step by step, from the time merchandise is discharged from the incoming steamer until it reaches the hands of the importer. They examined all papers and documents covering actual shipment of goods such as manifests, bills of lading, consular invoices, entries, etc., and through the courtesy of the various Governments were permitted to study the records of the customhouses.

The representatives of the Commission conferred frequently with the Government officials of the countries visited. In addition to many subordinates who were seen, they had frequent audiences with distinguished men prominent in the conduct of the affairs of the Treasury and in the administration of the customs in the respective countries. They were given every opportunity both by the ministers of the treasury and chiefs of the customhouses to study the conditions as they actually exist. They also conferred with many prominent Latin Americans not in official life and were by them courteously assisted in their investigation.

Valuable information was obtained from managers and agents of American manufacturers and exporting houses engaged in business in Latin America. Particularly useful was the assistance rendered by the members of the American Commercial Club at Buenos Aires, Argentina.

The representatives of the Commission were constantly in touch with the American diplomatic and consular officers in the countries visited. The usefulness of the new office of commercial attaché is being demonstrated by its present incumbents in South America. American consular officers also in these countries are doing a work for American commerce too little appreciated by the American public.

Section 3. Our handicap.

At the outset it must be recognized that the financial and commercial interests of Europe have many advantages in Latin-American countries. The outlook of these countries is European. They have not only inherited many of their traditions and customs from the Portuguese and Spanish colonial systems, but they still maintain close intercourse, social as well as otherwise, with the Latin countries of Europe. The commercial interests of France, Italy, Spain, and Portugal, therefore, find them a natural field for development into which they go with the advantage of language and an appreciation of the Latin point of view. As for the Germans and the English, they have been in these countries so long that they have had time to learn and adapt themselves to their ways, which, it must be always recognized, are distinctly different from those of Anglo-Saxon countries.

Suspicion still lingers in the minds of many Latin Americans on account of a misunderstanding of the Monroe doctrine, and this suspicion is at times aroused to active hostility by European interests who are jealous of the growth of American trade and who desire to create a prejudice against American merchandise. As common interests draw the Republics of the Americas closer together it becomes less and less possible to arouse this suspicion. The delicacy of this situation, however, should be kept in mind by those seeking markets in Latin America.

Unfair competition not infrequently takes the form of calumny. Europeans with their long-established trade and personal connections are loath to yield anything to American interests, and they do not hesitate to spread stories similar to the false interpretation of the Monroe doctrine in the press and elsewhere derogatory to Americans and their goods. Since the beginning of the present European war the impression has grown among Latin Americans that the business community of the United States is taking advantage of the present situation, which gives it a more or less monopolistic control of merchandising in their markets. Europeans are doing all that they can to encourage this view, hoping that with the coming of peace they will get back the trade which they have lost. In some cases, no doubt, Americans have unduly raised prices and taken unfair advantage, but such practices are not the rule. The spread of this adverse sentiment, encouraged by our competitors, should be arrested by a campaign of publicity which would point out to the people of Latin America the exorbitant freight rates, the increase in the cost of raw materials, and similar abnormal conditions which have increased the cost of goods and created, without the fault of the American exporter, the conditions which now exist in the markets of Latin America.

But the advantage which European exporters have over American exporters is more than a matter of tradition and sentiment. There has been a large European immigration into the countries of the east coast of South America. These immigrants are not assimilated as quickly as they are in the United States. Comparatively few in fact become citizens. They tend naturally to favor the interests of their mother country against other nations in the land of their adoption and, being numerous, particularly in the southern States of Brazil and in Argentina, they constitute a substantial influence working, unconsciously perhaps, in the interests of their home land.

For many years Europeans have been investing capital in developing the resources of the countries of Latin America. It has been invested in railroads, port works, municipal improvements such as tram lines and sewage systems, steamship lines, mines, manufacturing industries, and agricultural and pastoral enterprises. Frequently

contracts, providing for the investment of this capital, have a clause requiring the Government or private company, as the case may be, to purchase supplies, equipment, etc., from the country furnishing the capital. Along with the capital the European countries have also exported men, and even when the legal obligation is absent the personal and patriotic bond tends to make European goods preferred.

Competition in Latin America is not individual but national. The Germans, the English, and the French—each presents a united front of commercial cooperation. Each country, as it were, pools its financial and commercial forces, and with the support of its Government moves into foreign markets united. The individual manufacturer becomes of secondary importance, and the aim of the German steel industry, for example, is success over the English steel industry. All is made to contribute to this end. The German Government encourages export combinations, the financial and banking interests favor their nationals, and strong commercial houses are established which engage in a variety of activities—importing, exporting, steamship and insurance business, local industries, etc.

Section 4. What American producing and financial interests can do.

Permanent export policy.—From the handicaps and conditions which have been pointed out it must be evident that in order to succeed the American manufacturer must take the exporting business seriously. Some American concerns already do, and have organized a permanent export business, but foreign markets are still quite generally regarded among American manufacturers merely as places for “dumping” such surplus products as the domestic market will not absorb. Exporting has meant little more to them than peddling abroad unsold wares.

The real difficulty is with the merchandising of competitive commodities. Americans have creditably succeeded in foreign markets in special lines such as typewriters, adding machines, and cash registers, but success in these lines is no test of what can be done in iron and steel products, lumber, hardware, textiles, automobiles, paper, etc. It is in marketing such competitive articles that the exporter meets with vital competition and it is in marketing them that a permanent export policy is not only desirable but imperative.

What does a permanent export policy imply? It implies, generally, efficiency in methods and cooperation among those interested in each particular line of goods. It is elementary that the exporter must have representatives abroad who speak the language of the foreign market; must know the needs of the people and the competitive conditions which are to be met; must know the methods of packing, not merely for the protection of his goods but for the legiti-

mate tariff advantages to be gained in clearing his goods through the customhouse; and must know the documents required by the customs of the foreign country and know with exactness how to make them out so that fines and delay may be avoided.

Credit is one of the competitive conditions which must also be met. In their zeal to capture markets Europeans, particularly the Germans, have extended long credits. In many cases they have been improvidently given and have left an unhealthy condition in the business community. This evil, however, has been to a large extent corrected by the withdrawal of credit facilities as a result of the present war. New countries like those of Latin America require credit, and American manufacturers will find it necessary to give up their demand for cash payments. Within certain limits credit is one of the factors which must be employed in the development of South American trade.

The American exporter can not expect the consumer in Latin America to accept goods standardized according to American ideas. There are some lines of goods in which this question does not arise, and others—particularly industries of recent development—in which American standards tend to be accepted, but in many of the great competitive lines the Europeans have catered to the likes and prejudices of the Latin American consumer. Distinct standards have been developed for export to Latin America. Rather than trying to change suddenly these standards, which are usually better adapted to the needs of the people than American standards would be, the American manufacturer will be more successful if he adapts himself to them.

Manufacturers must go into the foreign markets, and if the importance of their trade warrants the course, establish branch houses which carry a stock of goods, establish banking and commercial connections, learn the commercial and tariff laws of the countries, and maintain a personal touch with the merchants to whom they sell. Similar steps must also be taken by an association or corporation organized by any industry solely for export trade.

A further development of the commercial house located abroad which purchases merchandise outright as distinguished from the commission house which transfers goods for a commission, is also desirable. Such a house becomes permanently a part of the foreign country. It exports and imports goods, engages in shipping operations, sometimes does a banking business, invests money in the industries of the country, and then operates them. It maintains its connections with the home country, and becomes itself a substantial part of the foreign market.

Buying South American products.—Commerce, if it is to be permanent, must include buying as well as selling; it must be reciprocal.

South America is a vast storehouse of foodstuffs and raw materials needed by our population and industries. In addition to many important but less voluminous exports from Brazil are coffee, rubber, and maté; from the River Plate countries, cereals, meats, hides, and wool; from Chile, nitrate of soda, copper, iodine, and animal products; from Bolivia, tin, rubber, silver, and copper; and from Peru, metals, cotton, sugar, petroleum, rubber, resin, and wool.¹

With the growth of American export trade must go the growth of our imports. Ships which go from our ports to South America laden with our manufactured goods should return with full cargoes of those products which our neighbors have to sell. In the nature of things our trade expansion has for its complement the trade expansion of the countries of South America.

Investments.—Any serious attempt to develop foreign trade requires cooperation between the manufacturing and financial interests of this country. American banks are desirable; so are steamship lines controlled by Americans. Even before the present war transportation to Latin America was not satisfactory and orders were not infrequently lost because American representatives were not able to assure prompt delivery, or because differences in freight rates made it impossible for them to bid against European competitors.

American capital can be invested profitably in developing the countries of South America. Some of the fields of investment which offer themselves are railroads, tram lines, municipal improvements, mining, port works, stock raising, and agriculture, and their allied industries. These investments are regarded with great favor by the South American Governments.

Indirectly they will increase our commercial intercourse. They will, on the one hand, create a preference for American goods, and, on the other, acquaint our people with South American products and resources.

Section 5. What the Government of the United States can do.

Reciprocity treaties and reciprocal concessions should be a means of trade expansion among the American Republics; they would contribute to the effectiveness of international cooperation. Already the United States in its tariff favors the products produced chiefly by South American countries. Over 95 per cent of their imports into our markets are admitted free of duty. On the other hand, our merchandise is taxed in their customhouses with high and sometimes prohibitive duties. While these duties are not peculiar to American goods, they nevertheless contrast strikingly with the treatment of South American products in our customhouses.

¹ For further data on exports of these countries, see Exhibit I, p. 227.

The following table shows the amount of free as compared with dutiable products imported into the United States from the countries covered by this report during the fiscal year of 1914-15. The bulk of Bolivian exports is included, as she has no maritime ports of her own and ships through those of her neighbors:

Country of origin.	Total free of duty.	Total subject to duty.	Total imports.	Percentage of free entry.
Argentina.....	\$69,106,865	\$4,669,393	\$73,776,258	93.67
Brazil.....	96,910,776	2,267,852	99,178,728	96.79
Chile.....	27,346,324	343,456	27,689,780	98.76
Peru.....	9,935,060	2,661,588	12,596,648	78.87
Uruguay.....	10,380,957	111,692	10,492,649	98.94

Comparative customs treatment of some leading South American products by the United States, Canada, and European countries.—The following table shows the relative treatment accorded typical South American products under the tariff laws now in force in the principal countries to which they are exported:

Articles.	United States.	Canada. ¹	United Kingdom.	Germany. ²	France. ²	Italy. ²	Spain.	Portugal.
Cacao.....	Free..	Dutiable.	Dutiable.	Dutiable*.	Dutiable.	Dutiable.	Dutiable.	Dutiable.
Coffee.....	do..	do..	do..	do..	do..	do..	do..	Do.
Cotton.....	do..	Free..	Free..	Free..	Free..	do..	do..	Do.
Rubber.....	do..	do..	do..	do..	do..	Free..	do..	Do.
Hides.....	do..	do..	do..	do..	do..	do..	do..	Do.
Meat, frozen and chilled.	do..	Dutiable.	do..	Dutiable.	Dutiable.	Dutiable.	do..	Do.
Wool.....	do..	Free..	do..	Free..	Free..	Free..	do..	Do.
Copper.....	do..	do..	do..	do..	do..	Ingots, dutiable.	do..	Do.
Tin.....	do..	do..	do..	do..	do..	Free.	do..	Do.
Nitrate of soda..	do..	do..	do..	do..	do..	Crude, free; refined, dutiable.	do..	Free.

¹ No account taken of the war surtax of 7.5 per cent ad valorem on certain products of other than British origin.

² No account taken of temporary exemptions during the war.

Comparative customs treatment of typical shipments from the United States to South America.—The following table indicates comparative percentages of assumed c. i. f. values, under normal conditions, effectively collected in duties and other revenue charges, on certain typical shipments to Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru. American cotton prints, nickel watches, canned peaches, canned salmon, and men's mixed woolen and worsted suits were selected for illustration. Computation in all cases is based on the

same quantity and assumed c. i. f. value for each country. A detailed statement showing the liquidation of customs and other revenue charges appears in a section devoted to this subject under the chapter relating to each country discussed in this report.

Country.	American cotton prints.	Nickel and other cheap metal watches.	Canned peaches.	Canned salmon.	Men's mixed woolen or worsted suits.
Brazil.....	132.6	136.6	342.5	380.9	260.2
Uruguay.....	39.2	38.5	92.6	288.1	39.0
Argentina.....	23.6	30.9	101.8	150.7	65.4
Chile.....	34.3	72.8	269.7	80.4	75.1
Bolivia.....	36.1	24.0	154.9	75.6	56.3
Peru.....	31.4	22.0	73.3	73.4	68.3

Section 6. What the South American Governments can do.

Official valuation.—The outstanding feature of the tariffs of Brazil, Uruguay, Argentina, and Bolivia is their system of official valuations. It is absent in Chile and Peru, where simple specific rates now prevail. It consists of giving an official valuation to each item enumerated in the tariff act and then determining the duty by taking a certain percentage of this official valuation, or, as in the case of Brazil, incorporating in the tariff act specific rates equivalent to a determined percentage of a fixed official valuation. Such tariffs while in form ad valorem are in substance specific. Official valuations rarely correspond to actual market values. With these latter the customs do not concern themselves in those cases where the former exist. The application of the duties is the same as if the duty were levied at a given rate per kilo or other unit of quantity. Official valuation serves no useful purpose which could not be easily provided for in another way. On the contrary, it tends to confuse the importer and to increase the complications surrounding the clearance of merchandise.

One of the origins of the systems of official valuation was the legislators' fear of simple ad valorem rates, that is, rates which require for their application a knowledge of the actual market value of imported merchandise. In the effort to avoid ad valorem rates even in "blanket" or catchall clauses of the tariff, Brazil, Chile, and Peru have a rule—known as the "similitude" rule—which provides that merchandise not enumerated in the tariff act shall be assimilated to and classified with those enumerated goods which it resembles. A study of the administration of the customs in the countries of Latin America indicates that the legislators' fear of ad valorem rates is justified. It is doubtful whether the customhouses of Latin America are equipped for determining true commercial

values, and it is indisputable that ad valorem rates permit more irregularities than do specific rates.

Specific tariffs are better adapted than ad valorem tariffs to the traditions and administrative machinery of Latin America. In the interests of simplicity, however, the official valuation tariff should be repealed and simple specific tariffs inaugurated. Peru and Chile have already adopted this reform¹ and Bolivia is seriously considering it.

Classification of merchandise.—In specific tariffs if inequalities are to be avoided the proper classification of merchandise is absolutely necessary. Specific tariffs are inelastic. In the case of ad valorem duties differences in value tend to equalize taxation, but not so when the duties are on the weight or other unit of quantity. A rate of so much per kilogram or per piece is fixed and its application has nothing whatever to do with the value of the merchandise. If the value of goods per unit of quantity be high, then the ad valorem equivalent of a given specific duty will be relatively low; if, on the contrary, the value of the goods per unit of quantity be low, the ad valorem equivalent of the same specific duty will be relatively high. The same reasoning applies with equal force to specific duties disguised in a system of official valuations. For example, a duty of a certain percentage of an official valuation which would be fair for anchovies or caviar would be prohibitive of the importation of ordinary canned salmon; on the contrary, a duty of a certain percentage of an official valuation which would be fair for ordinary canned salmon would be relatively a ridiculously low duty on anchovies and caviar if they were dutiable under the same paragraph.

It follows, therefore, that the proper classification of merchandise in Latin American tariffs is imperative. Unfortunately, it is at the present time lacking. The example of canned salmon, anchovies, and caviar is typical of anomalies of classification found in Latin American tariff systems. In the chapters of this report devoted to the separate countries other examples of improper classification and deficient nomenclature have been given and discussed. The self-satisfied attitude of those merchants who have learned the tricks of classification under antiquated and unscientific tariffs should not be permitted to defeat efforts to obtain a scientific enumeration of merchandise in conformity with the needs of modern industry. There are those who have vested interests, or at least what they regard as vested interests, in the anomalies of tariff classification, and they are naturally opposed to change. In the interests of fair competition and honest administration, however, this reform should come.

¹ Colombia, Ecuador, and Venezuela also have specific tariffs.

In some instances the time now allowed for protest against improper classification should be extended.

Surtaxes.—Surtaxes in the sense in which they are commonly known in Latin American countries are additional taxes levied on imported merchandise at the time of liquidation of duties and computed at a given percentage either of the official valuation or of the regular duties. Those which have for their purpose the provision for differences in qualities or degrees of elaboration of merchandise are necessary to proper classification and are a logical part of the tariff act, but those which are added from time to time by a special law or decree with little or no distinction as to classification, for the purpose of meeting some financial emergency, such as the payment of a debt, municipal improvement, the building of a theater, the improvement of a harbor, etc., are unnecessary burdens and hindrances to trade. General financial needs or inertia often lead to the retention of them after their original purpose has been fulfilled, and as they accumulate they increase the complications which attend the clearance of goods.

Surtaxes in this latter sense are horizontal increases in the tariff. If it be deemed wise by these countries thus to raise their duties, it would be a desirable reform if these surtaxes were consolidated with basic duties and incorporated in the tariff law. This would both simplify customhouse procedure and enable him who consults the tariff law to know just what duties he must pay.

Protection in South America.—No more misleading observation has been made about some Latin American tariffs than that they are solely revenue tariffs, not enacted for the purpose of protecting national industries. It is true that in almost all the countries they are the chief source of Government revenue, but it is indisputable, as statements of prominent South Americans in this report show, that one of the avowed objects of the tariffs of Brazil, Uruguay, Argentina, Chile, and Peru is to foster and protect their nascent industries.

Statistics published in this report show that in these countries substantial beginnings have been made in some lines of manufacturing. In addition, many small industries, apparently ill adapted to their economic conditions and unable to supply their home demand, are sheltered by high duties.

These duties in many cases afford more protection than is needed and might be materially reduced without injury to industry. At the same time these reductions would benefit the consumer and encourage a freer exchange of goods.

Customs regulations and forms.—The leading customs authorities in Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru recognize the value which uniformity and simplicity in customs regulations and

forms would be in developing trade. It is true that it would not be practicable or desirable to have all regulations and forms uniform, since conditions peculiar to the different countries require different rules; but in some matters uniformity might wisely be sought, and there are few regulations and forms in Latin America which could not be advantageously simplified.

It should not be possible to clear goods in any customhouse without the production of the original bill of lading or, in case its arrival has been delayed, the filing of an adequate bond for its subsequent production. The absence of such a requirement in some of the Latin-American countries is a serious hindrance to the extension of credit facilities.

Some right to amend ship's manifests should of course be permitted, but in order to discourage smuggling amendment should be confined within very narrow limits and to errors made inadvertently.

Some of the countries of Latin America require, upon the viséing of the consular invoice at the port of origin by their consular representative, the payment of a consular fee which increases with the invoice value of the goods. Such consular fees are devised for raising revenue and are an indirect way of increasing the tariff duties. Less attention should be given to this revenue feature of the consular service and more to making it an effective means of customs control in the port of origin. At the present time in practically all cases the consul merely legalizes the invoice, frequently with a rubber stamp, and seldom, if ever, verifies the value or does anything which would assist in the intelligent administration of the customs in his home country.

If the consular invoice is required—and there seems no reason for abolishing it if it be made an effective part of customs control—it would seem to be superfluous to require, as some countries do, the legalizing by consuls of ship's manifests and bills of lading.

Uniform forms for consular invoices and ship's manifests are practicable and, if adopted by the American Republics, would simplify and encourage commercial intercourse.

The system of fines, characteristic of Latin American customs administration, does not stop irregularities; they fall most heavily on the honest importer who has inadvertently made a mistake, while unscrupulous importers simply extend their unscrupulousness to defeating application of the fine.

If undamaged goods, abandoned in the customhouse and subsequently sold at auction, do not bring at least the duties and other ordinary charges standing against them, the consignee should be held liable for the difference or the goods should be disposed of in such

a way as to prevent this branch of the customs administration from becoming a means by which importers may evade the payment of duties and customhouse charges.

So long as there are any true ad valorem duties in Latin American tariffs more efficient machinery for determining true commercial values is necessary. As has been indicated, the consular service can be made to contribute to this end. Values declared in consular invoices now seldom correspond to the values in the manufacturers' invoices when the commercial value is a factor in determining duties. Examiners because of the lack of adequate machinery are helpless in undervaluation cases. If they make any effort to determine true commercial values, they are foiled by a false manufacturer's invoice or by the fact that they simply have no means of knowing what the true values are.

Efficient audit system.—An adequate audit system in the customhouses of Latin America would not only benefit honest trade but increase the revenue and strengthen the financial credit of these countries. Its chief features should be (a) independence from other divisions of the customhouse; (b) audit on the invariable basis of the complete customs record, including all documents; (c) accountable forms with consecutive numbers; (d) the taking of samples, where possible, for the purpose of checking classification; (e) effective machinery for collecting sums due upon reliquidation; and (f) reduction of the term of limitation and making it obligatory to audit within a comparatively short time.

No other change would as effectively as this defeat irregular practices in customs administration. It would be corrective of undervaluation, improper classification and other practices which are inevitable when officials know that the ultimate check upon their work is uncertain.

From the point of view of commerce an adequate audit system is desirable, because it would tend to eliminate unfair competition caused by unscrupulous methods in the clearance of goods. What the duties are is of secondary importance if all importers are treated alike. The fact that some interests have what they regard as vested rights in certain customhouse practices should not deter those in authority from putting through this necessary reform.

An efficient audit system would, furthermore, be of distinct advantage to the countries adopting it. Much revenue is now lost because of the absence of control. Establish it and government revenues will be astonishingly increased.

No one thing would do more than an efficient audit system in their customhouses toward improving the credit of Latin American Governments in the world's financial markets. The resources back of

these Governments are unlimited, and foreign bankers and financial interests only ask for assurance of financial responsibility. Not infrequently customs receipts are asked in pledge of payment of a loan and its interest, and generally foreign bankers will take the methods prevalent in the customhouses as tests of a country's attitude toward financial obligations. If they are confident that the customs duties are properly collected—and a proper audit system will create this confidence—abundant capital will flow into Latin America.

CHAPTER II.

UNITED STATES OF BRAZIL.

Section 1. Some characteristics of the Brazilian tariff.

The present customs tariff of Brazil was promulgated by decree No. 3617, of March 19, 1900, which sanctioned and revised the tariff in conformity with article 1 of law No. 651, dated November 22, 1899. From time to time since 1900 modifications of and additions to the tariff law have been made in the annual budget. Revision, however, was not thorough, and many of the classifications and provisions of the old law were retained. The commission which made this revision was composed of importers, treasury employees, and selected representatives of the Brazilian industries.

Revision commission of 1897.—Dr. Manoel Jansen Muller, who is considered a leading expert on the Brazilian tariff, in criticizing the work of the commission and analyzing the scheme of revision, states, in part:¹

The establishment of rates in our tariff did not and could not obey a sound, unswerving judgment, based, on the one hand, on the result of calculations as to the nature, quality, and average cost of merchandise in the principal producing markets in the different countries, and, on the other hand, the result of extensive and profound study of conditions of existence and degree of development in the industries located in different regions of the extensive territory of the country [Brazil] * * *.

Good will certainly was not lacking in the revision commission of 1897, nor in the subcommittees into which it was divided for especial study of each schedule of the tariff, composed as it was of different representatives of the treasury, of commercial importing interests, and of national industries; but, given the diversity of interests represented, questions in each case were resolved by a majority of votes or by agreement resultant of compromise by the interested parties through mutual concessions * * *.

In consequence of these concessions, the commission could not always heed the average value of merchandise, nor were the rates established on the basis of these values in the relations [ratios] that appear in the tariff, represented among others by the ratios of 50, 60, and 80 per cent. It is quite possible, therefore, that merchandise valued at 4\$000,² for example, was taken at 6\$000 and taxed 3\$000, e. g., ratio [razão] of 50 per cent, when the tax at this ratio should be 2\$000, thus fixing for merchandise so taxed, not the *nominal* ratio of 50 per cent, but the *effective* ratio of 75 per cent.

It is necessary, then, to correct the *official values* that the existing tariff attributes to goods, and substitute for the rates based thereon others that correspond to the corrected values or to the (nominal) *ratios* themselves, or replace them by still others that may be deemed convenient and opportune.

¹ Jornal de Economia Política, Rio de Janeiro, Dec. 1913, vol. 1, No. 3, pp. 374-376.

² The \$ sign as used in Brazil represents milreis and reis, and by its position separates the two in the same manner as a decimal point separates dollars from cents in United States currency. One thousand reis equal 1 milreis; thus, the figures to the right of the \$ sign represent reis, while those to the left represent milreis. For general table of equivalents of measures, weights, and monetary values see Exhibit III, p. 246.

Only so will the enormity or the absurdity in exaction of excessive ratios disappear, such as, besides those referred to, 150 per cent, 160 per cent, 180 per cent, 200 per cent, and more than 200 per cent, which are not applied in any other country of the world.

Dr. Leopoldo de Bulhões, president of the revision commission of 1897, explained the principle on which it was organized as follows: ¹

In the field of interests so dissimilar as are those of industry, of commerce, and of the treasury, the tariff of 1898 was elaborated in a pronounced spirit of conciliation by which mutual concessions were made, without which it would have been impossible for the two groups separated by these interests to reach an agreement.

Other sources of revenue in Brazil.—Duties on goods imported for consumption into Brazil are the chief source of revenue of the Federal Government. Revenue is also raised from taxes on tobacco, spirits, and the like, and by means of a stamp tax.

Duties on exports.—Since taxes on exports are forbidden by the Federal Constitution of the United States of America, her people are not familiar with this form of taxation. In Brazil, however, it is common. Taxes on exports are the chief source of revenue for the separate Brazilian States. The State of São Paulo, for example, raises a large revenue from an export tax on coffee, and Amazonas and Pará from export taxes on rubber. Export taxes are also collected by the separate Brazilian States on products shipped for consumption from one to another. The Federal Government does not tax exports except those from the Federal Territory of Acre.

Schedules of the tariff act.—The following are the schedules of products, goods, wares, and merchandise as they appear in the Brazilian tariff act:

Tariff Nos.

		1. Schedule I.—Animals, live, and prepared (dissected, stuffed, or mounted).
		II.—Hair and feathers:
2 to	6.	Raw or prepared.
7 to	22.	In manufactures.
		III.—Hides, skins, and leather:
23 to	24.	Raw, prepared, tanned, or varnished.
25 to	50.	In manufactures.
51 to	69.	IV.—Meat, fish, oleaginous substances, and other animal products.
		V.—Ivory, mother-of-pearl, tortoise shell, and other animal substances:
70 to	78.	Raw or prepared.
79 to	89.	In manufactures.
90 to	91.	VI.—Fruits.
92 to	102.	VII.—Vegetables, farinaceous products, and cereals.
103 to	120.	VIII.—Plants, leaves, flowers, fruits, seeds, roots, barks, peels, forage, and spices.
121 to	137.	IX.—Vegetable juices, alcoholic and fermented beverages, and other liquids.

¹ Jornal de Economia Política, Rio de Janeiro, Dec., 1913, vol. 1, No. 3, p. 375.

Tariff Nos.	
138 to 175.	Schedule X.—Materials and substances for perfumery, dyeing, painting, and other uses.
176 to 328.	XI.—Chemicals products, drugs, and pharmaceutical specialties.
	XII.—Wood:
329 to 330.	Raw or dressed.
331 to 394.	In manufactures.
	XIII.—Cane, bamboo, rushes, rattan, osiers, and other lianes:
395 to 397.	Raw or prepared.
398 to 409.	In manufactures.
	XIV.—Straw, esparto, coir, agave, pissava, paina, and other fibrous materials:
410 to 413.	Raw or prepared.
414 to 433.	In tissues and other manufactures.
	XV.—Cotton:
434 to 437.	Raw or prepared.
438 to 480.	In manufactures and tissues.
	XVI.—Wool:
481 to 485.	Raw or prepared.
486 to 527.	In tissues and manufactures.
	XVII.—Flax, jute, and hemp:
528 to 531.	Raw or prepared.
532 to 566.	In manufactures and tissues.
	XVIII.—Silk:
567 to 570.	Raw or prepared.
571 to 598.	In tissues and manufactures.
599 to 615.	XIX.—Paper and manufactures thereof.
616 to 643.	XX.—Stones, earths, and other minerals.
	XXI.—“Louça” (Faïence, porcelain, etc.), and glassware:
644 to 650.	“Louça” (Faïence, porcelain, etc.).
651 to 665.	Glassware.
666 to 668.	XXII.—Gold, silver, and platinum.
	XXIII.—Copper and its alloys:
666 to 669.	Raw or wrought.
670 to 699.	In manufactures.
700 to 702.	XXIV.—Lead, tin, zinc, and their alloys.
	XXV.—Iron and steel, raw or wrought.
703 to 706.	Iron.
707.	Steel.
708 to 757.	In manufactures of iron and steel.
758 to 771.	XXVI.—Metalloids and miscellaneous metals.
772 to 791.	XXVII.—Arms and other gunsmiths’ wares, munitions, and war supplies.
792 to 797.	XXVIII.—Cutlery.
798 to 802.	XXIX.—Watches, clocks, works, etc.
803 to 810.	XXX.—Carriages and other vehicles.
811 to 875.	XXXI.—Mathematical, physical, chemical, and optical instruments and articles.
876 to 928.	XXXII.—Surgical and dental instruments and articles.
929 to 978.	XXXIII.—Musical instruments and accessories.
979 to 1025.	XXXIV.—Machines, apparatus, tools, and miscellaneous utensils.
1026 to 1070.	XXXV.—Miscellaneous articles.

Ad valorem "blanket" clauses.—In many of the schedules of the Brazilian tariff act "blanket" clauses are provided to cover articles not enumerated. Usually, the rates in these clauses are simple ad valorem rates. If it be assumed that these rates or percentages indicate more or less accurately the level of rates intended by Brazilian legislators to be collected on goods similar in material, class, etc., a comparison between these and the customs liquidations covering goods actually provided for by name in the tariff and the ad valorem equivalent of the duties collected on them,¹ is interesting as indicating how far the practical working of the tariff has departed from the theory on which it was first framed.

Some of the "blanket" clauses in the Brazilian tariff law are:

Schedule 1, paragraph 1, "animals of all kinds," 30 per cent ad valorem.

Schedule 2, paragraph 22, "all other articles not specially mentioned," 50 per cent ad valorem.

Schedule 8, paragraph 119, "roots and bulbs, for medicine, dyeing, etc., not specially mentioned," 25 per cent ad valorem.

Schedule 11, paragraph 223, "disinfectants not specially mentioned," 25 per cent ad valorem.

Schedule 11, paragraph 328, "chemical products, natural or artificial, drugs and medicaments in general, not specially mentioned," 50 per cent ad valorem.

Schedule 12, paragraph 353, "chairs not specially mentioned: of common wood, 50 per cent ad valorem; of fine wood, 60 per cent ad valorem."

Schedule 12, paragraph 394, "furniture not otherwise mentioned: of common wood, 50 per cent ad valorem; of fine wood, 60 per cent ad valorem. Paragraph 394, "all other manufactures (of wood), 50 per cent ad valorem."

Schedule 13, paragraph 409, "all other goods not specially mentioned," 50 per cent ad valorem.

Schedule 14, paragraph 433, "all other articles not specially mentioned," 50 per cent ad valorem.

Schedule 19, paragraph 615, "all other articles of paper, cardboard, or composition, not otherwise mentioned," 50 per cent ad valorem.

Schedule 20, paragraph 635, "granite and freestone articles, not specially mentioned," 15 per cent ad valorem.

Schedule 26, paragraph 771, "all other metalloids and metals not specially mentioned," 25 per cent ad valorem.

Schedule 27, paragraph 791, "arms, gunsmiths' wares, ammunition, etc."; "other of all kinds, not otherwise mentioned," 60 per cent ad valorem.

Schedule 28, paragraph 797, "scissors, not otherwise mentioned," 50 per cent ad valorem.

Schedule 30, paragraph 810, "all other parts and articles for carriages, wagons, and carts, not specially mentioned," 60 per cent ad valorem.

Schedule 33, paragraph 978, "all other musical instruments and their accessories, not specially mentioned," 50 per cent ad valorem.

Article 13, paragraph 5, preliminary dispositions of the tariff, all other goods, failing assimilation, 50 per cent ad valorem.

¹ See p. 45.

The razão.—The Brazilian tariff is overwhelmingly specific in its provisions. Of the 1,070 paragraphs of the act, embracing 2,839 items, only 142 items are ad valorem. Theoretically the specific rates represent a given percentage of the official (which was intended to approximate the commercial) value of imported goods at the time of the last revision. The percentage referred to is known as the *razão* or ratio for customs purposes. It is computed on an official valuation which may or may not correspond to the actual value of the goods imported. The nature of the specific duties will be made clearer by an example. The following is the item of the tariff for raw wool:

Paragraph.	Goods.	Unit.	Duty.	Percentage of duty.	Tare allowance.
481	Raw wool.....	Kilogram.....	Reis. 200	<i>Razão.</i> 20	Pays on net weight.

The metric system of weight and measurement is employed in the tariff act. Raw wool pays a duty of 200 reis per kilogram. In theory the percentage of the duty or the *razão*, as it is called, indicates what percentage the duty per kilogram is of the value of the goods. When the tariff act was enacted the *razão* was intended to express the ratio between the value of the goods and the duty, i. e., in the case of raw wool 200 reis was assumed as 20 per cent of the value of one kilogram of raw wool. It need hardly be pointed out that this ratio changes in effect with fluctuations in price and with changes in the methods of production although nominally it is maintained. In very few cases do the official values approximate the real values of the goods, and in so far as the official values are greater than the real values, by that margin the ad valorem equivalent of the specific duty is increased. The *razão* is not a reliable guide to determine the level of the duties. Its chief use is to form a basis for the calculation of the gold tax for port works, the storage charges, and sometimes for the computation of fines. In the case of raw wool these charges would be a certain percentage of 1,000 reis (\$200 = 20 per cent; 100 per cent = 1\$000).

The Brazilian customs tariff may be changed, either by an act or decree of the Brazilian Federal Congress, or by executive decree.¹ By law No. 3070-A of December 31, 1915, published in the official gazette of Brazil (*Diario Official*), No. 2, January 2, 1916, it is pro-

¹ Consolidated Customs Laws, article 514, provides:

"In each customhouse there shall be a tariff commission appointed by the minister of finance, which, in the light of clearances effected in accordance with these regulations, shall prepare annually and forward to the treasury, a report covering articles which should be added to the tariff, together with the fixed rate of duty that each should pay.

"(1) These commissions shall be composed of the inspector, who shall act as president, and of two more capable employees. In the customhouse of Rio de Janeiro the commission is composed of its chief and four other customs employees."

vided in article 2, section 9, that the President of the Republic has the power—

To modify the rates of import duties, even to the extent of permitting free entry during a certain period, of articles of foreign origin that can compete with similar national articles, when these are produced or marketed by trusts.

The Brazilian Congress makes some change in the tariff at practically every session. In December, 1915, there was a better prospect for a general revision of the tariff than there has been for many years. Congress has appointed a committee which it is expected will study the situation from the point of view of public interest.

It is extremely difficult to understand the mass of decisions which are published almost daily in the *Diario Official*—the official gazette of Brazil—and in the *Bulletin of the Customhouse of Rio de Janeiro*. These decisions relate to classification, construction of the customs laws and regulations, etc. The inspector of the port at Rio de Janeiro (collector of customs) was requested to furnish a copy of the Consolidated Customs Laws amended and annotated to date (December, 1915). He replied:

No copy of the Consolidated Customs Laws annotated to include decrees, laws, and decisions subsequent to its promulgation [April, 1894] is in existence. All these laws and decisions are scattered through collections of laws and decisions.

In fairness to the average Brazilian customs officer or employee it must be admitted that the lack of a compact collection of laws, decisions and decrees relating to the tariff, is a serious hindrance to efficiency in administration.

Section 2. Requirements for ship's manifest and amendment thereof.¹

Requirements.—The requirements for the ship's manifest carried by ships discharging cargo at Brazilian ports are given in article 341 of the Consolidated Customs Laws.

ART. 341. Manifests must show—

1. Name, class, nationality, and tonnage of the vessel.
2. Name of captain or master.
3. Port where cargo is laden, port of destination, and intermediate stops.
4. Marks, countermarks, number of each package, and its class, whenever possible.
5. Declarations of quality, quantity, weight, or measurement of merchandise contained in each package, whenever possible, and of goods carried in bulk.
6. Express statement of the number of packages contained in each strap, and of the quality of merchandise that each of these packages contains, and of their quantity, weight, or measure, whenever possible, besides the other declarations required in paragraphs 4 and 5 of this article.
7. Name of persons to whom packages of merchandise are consigned, or if they are consigned to order.
8. Express mention, first, of merchandise destined to bond, for transshipment, with declarations required under paragraphs 4, 5, and 6 of this article; second, of packages containing inflammable and similar goods with all details required under paragraphs 4, 5, and 6 of this article.

¹ For all the provisions on this subject see "Consolidated Customs Laws," art. 341 to 370.

Sole paragraph: These declarations shall be written out in full, excepting those parts relating to the number and mark of package, and on entire sheets without amendments, or pasted together, which shall be numbered and rubricated by the respective consular agent, or the person authenticating the manifest.

Amendment of manifest.—Brazilian regulations are properly strict in the requirements for ship's manifests. The manifest is the basis of customs accountability and one of the most important safeguards of customs revenue. The Brazilian regulations, however, allow some latitude for amendment as is shown by articles 351 and 353.

ART. 351. In the act of visit [of inspection upon entry of vessel] the captain shall make, or deliver in writing, first, a report of any additional merchandise or objects carried on board, not included in the manifest through having been received at the last moment before sailing, or for any other reason, specifying the quality, quantity, measure or weights, marks, countermarks, and numbers, and all details required under article 341; second, declarations of merchandise or packages included in the manifest, that he may have sold or discharged at any intermediate port or port of call, or jettisoned, or that for any other reason are lacking to complete the manifested quantity. * * *

ART. 353. On the same day [of customs visit of inspection at time of vessel's entry], or within the fixed period of 24 working hours thereafter, the captain or master shall appear before the inspector [collector] and ratify the declarations made on occasion of the visit of inspection at time of entry and all circumstances as required by paragraphs 1 and 2 of article 351, Consolidated Customs Laws.

Paragraph 1. On this occasion, as well as on any other except in the act of search, or when the chief of customs has received official knowledge or denunciation of fraud,¹ the captain or master may make any other declarations respecting cargo of the vessel. Those relating to excess cargo [not appearing on manifest] shall be accepted immediately, to the end of remitting fines imposed under these regulations; those referring to diminution [of cargo manifested] shall be considered by the inspector [collector] and accepted or not, according to their nature and circumstances surrounding the case.² * * *

Article 363 of the Consolidated Customs Laws is stricter in exacting an accounting for packages manifested, but not carried, to the port of destination than are the requirements, already cited, permitting amendment respecting excess packages carried but not manifested.

Section 3. Bills of lading.

When it is desired to clear goods through the Brazilian customhouse the presentation of a bill of lading covering a shipment is required under article 42, paragraph 1, of the Preliminary Dispositions of the Tariff. Bills of lading may either name the consignee or be issued "to order." Upon indorsement of the bills of lading a graduated stamp tax is collected, depending upon the value of the goods transferred. If the bill of lading is lacking, this defect may be cured by the signing of a bond conditioned upon its subsequent production. This bond must be satisfactory to the inspector, and when an "order" bill of lading is involved the bond must be supported by commercial

¹ Italics are Commission's.

² See also paragraphs 10 and 11, "Instructions for the Masters of Merchant Vessels entering the Port of Rio de Janeiro," issued by the customhouse at Rio de Janeiro.

1ª Via. FATURA CONSULAR BRAZILEIRA. (BRAZILIAN CONSULAR INVOICE)

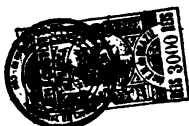
N.º de Fatura 23670

Consulado Geral em Liverpool.

DECLARAÇÃO (DECLARATION).

Declaramos solemnemente que somos exportadores ou carregadores
We solemnly declare that we are the exporters or shippers
das mercadorias mencionadas nesta fatura contidas nos 9 volumes
of the merchandise specified in this invoice, contained in the 9 packages
indicados, a qual é exata e verdadeira e todos os efeitos, sendo essas mercadorias
indicated, which is in all respects true and exact, this merchandise being
destinadas ao porto de Rio de Janeiro do Brasil e consignadas
destined to the port of Rio de Janeiro Brazil and consigned
aos Srs de Rio de Janeiro
to Messrs de Rio de Janeiro

Liverpool 28 de Novembro de 1913.



...guarantee the authenticity of the above.

Agente do Exportador
Agent of Exporter

Nome e nacionalidade do navio a vela
Name and nationality of sailing vessel

Nome e nacionalidade do navio a vapor
Name and nationality of steamer

Porto do embarque da mercadoria
Port of shipment of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Valor total da fatura inclusive frete e despesas approxinadas £ 177-3-0
Total value of the invoice inclusive of approximate freight and charges.

Frete e despesas approxinadas £ 25
Approximate freight and shipping charges

Agio da moeda do país de procedencia
Exchange of the country whence exported

Observações do Consul

Lege-se a presente fatura não obstante reconhecem-se
os exportadores a dar a especificação da mercadoria
de conformidade com a lettra K. do art. 18, do
Decreto N.º 1108, de 21 de Novembro de 1906.

VISTO.—Consulado Geral da Republica dos Estados Unidos do Brazil em Liverpool aos
20 dias do mez de Novembro de 1913 O Consul Geral,
Nacem sui shilling e nove denheiros

Sold by
Messrs. A. & J. Jones,
of East Street, and 1, Broad Street,
Liverpool.

[Signature]

BRAZILIAN CONSULAR INVOICE AS FILLED OUT IN PRACTICE. (FRONT.)

invoices and such other documents as are available which tend to establish ownership.

It is clear that more importance is attached to the presentation of the consular invoice than to the presentation of the bill of lading, and the Brazilian Customs Regulations make scant reference to the latter. The acceptance of a bond for the subsequent production of the bill of lading is an administrative practice which has grown up in the Brazilian customs service. There are no surety companies in Brazil engaged in writing such bonds.

It is doubtful whether the importance, from the exporter's or banker's standpoint, of requiring original or negotiable bills of lading is fully understood by the customs administration. The inspector (collector) is not under bond to the Brazilian Government.

Section 4. Consular invoice.¹

Consular regulations of Brazil, exempt shipments amounting to less than £10 in value from the requirement of a consular invoice. Article 42, paragraph 1, of the Preliminary Dispositions of the Tariff provides that—

The person intending to clear dutiable goods is required to present to the chief of the corresponding customhouse—

Paragraph 1. The bill of lading and consular invoice, which shall be filed with the respective ship's manifests and other documents proving origin of goods sought to be cleared and the title of such person to the merchandise.

Requirements.—Law No. 1103, November 21, 1903, governs consular invoices, and among other essential details required in preparing those documents are:

1. Name and nationality of carrying vessel.
2. Port of shipment of merchandise.
3. Port of destination of merchandise.
4. Port of destination of merchandise, with option for ——— or in transit for ———.
5. Total value of the invoice, including approximate freight and charges.
6. Approximate freight and shipping charges.
7. Rate of exchange, premium, or agio of currency, of country whence goods are exported.
8. Marks and numbers of packages.
9. Quantity or number of packages.
10. Class of packages.
11. Specification of merchandise in accordance with "K," Article XIII, Chapter IV, law No. 1103, of November 21, 1903, which provides "that goods may be described either in accordance with the official nomenclature accompanying these regulations * * * or

¹ See facsimile opposite p. 36.

in accordance with commercial usage, but with separate specification of each article according to its material."

12. Gross weight of the package in kilograms.

13. Gross weight of the merchandise. [Par. 2, art. 20, Preliminary Dispositions of the Tariff.]

14. Other units of the tariff on which duties are based.

15. Declared value of each item or article described, inclusive or exclusive of freight and charges.

16. Country of origin of each article.

Articles XIX and XX, Chapter V, Law No. 1103, of November 21, 1903, provide that if any of the details required under that law are omitted in consular invoice and the shipper, upon notice from the consul, refuses to specify the details lacking a notation to this effect shall be made on invoice by the consul. A rubber stamp reading—

I legalize the present invoice, notwithstanding exporter's refusal to specify the merchandise in accordance with letter "K" of Article XIII of Decree No. 1103, of November 21, 1903—

is used in Brazilian consulates under such circumstances, and after stamping this text on face of the invoice over his signature the consul is relieved from responsibility for lack of details. It then rests upon the shipper in the person of the owner or consignee of the goods. Upon the arrival and clearance of the goods at port of destination, should the importer desire to qualify his entry (despacho) in this way, or should details for completion of his entry not be otherwise available, the declaration "contents unknown" is made by him when filing the entry. This complements the procedure in preparation of the consular invoice,¹ and a rubber stamp covering such declaration on the entry is also provided in Brazilian customhouses.

Clearance without consular invoice.—According to law 2841 of December 31, 1913, article 60, partly published as effective January 3, 1914, in the Customs Bulletin of Rio de Janeiro, the clearance of goods without presentation of original consular invoice may not be effected unless bond is filed undertaking its production within 90 days. This term may be extended by 45 days, after the expiration of which a fine of 50 per cent, based on the total duties and other taxes, payable within 48 hours, is imposed.

Section 5. The despachante.

Even if an owner or importer of merchandise be competent to clear and withdraw his goods from the customhouse, he generally confides the clearance of his goods to a despachante (customs agent or broker) by means of the power of attorney, which appears on the face of the entry.² Great confidence is placed by importers in the despachante. All documents, the money for the payment of duties, and the goods

¹ See Procedure, p. 40.

² See facsimile opposite p. 39.

themselves are intrusted to him. He is called upon to safeguard the importer's interest by preventing the levying of duties higher than those legally applicable to the goods, in assuring safe unpacking and repacking of the goods in the examination room, in providing for safe delivery, etc. At the same time he is a quasi customs officer and required by law to protect the interests of the treasury. His appointment is made by the inspector of customs (collector) and he is under indefinite bond signed by a reliable merchant or an owner of real property approved by the inspector. The number of despachantes at Rio de Janeiro is limited to 200.

From the discussion of customs procedure¹ it will be apparent that the despachante in Brazil is an agent of major importance in the clearance of goods. He has access to original customs documents during the course of clearance and even extends matter in them that bears direct relation to final liquidation and payment of duties.

In a customhouse where a great volume of business is transacted the law² expressly authorizes the examiner to delegate certain duties to the despachante which otherwise are attributes only of customs officers.³

Section 6. Customhouse procedure.⁴

Duty of warehouse keeper.—After the entry (despacho) has been presented in accordance with article 42 of the Preliminary Dispositions of the Customs Tariff it is taken to the keeper of warehouse where goods are stored⁵ for notation thereon by him of the warehouse number, the date of discharge, and gross weight of packages. He is likewise required to state on its face if the packages show external evidence of having been tampered with, or of damage. Should such condition be noted, the inspector (collector) shall, upon request, appoint a commission that shall determine the responsibility for loss or theft of goods, and in case of damage shall fix the state of depreciation found. In the case of either loss or theft or damage, duties shall be paid in accordance with findings of this commission.

Duty of the manifest clerk.—When the warehouse keeper has certified thereon that the package or packages are stored in the warehouse⁶ the entry (nota de despacho)⁷ together with bill of lading and consular invoice is presented to the manifest clerk, who, after comparing marks and numbers of packages declared in entry with manifest and

¹ See p. 39.

² Art. 485, Consolidated Customs Laws.

³ Arts. 148 to 160, Consolidated Customs Laws, govern the appointment of despachantes, regulate their activities, and in part prescribe their duties.

⁴ The procedure described covers normal importations for consumption that pass through general order stores, and does not refer to inflammable and corrosive goods nor to goods for which ship's side delivery is permitted. (See Tables G and H, Consolidated Customs Laws.)

⁵ At Rio de Janeiro he is a representative of the Compagnie du Port.

⁶ Of the Compagnie du Port at Rio de Janeiro.

⁷ See facsimile of "nota de despacho," or entry, opposite p. 39.

bill of lading descriptions, determines whether the declaration as to contents, weight, quantity, and value of the goods offered for clearance agree with description in consular invoice. If items are found to check properly he makes the notation: "Agrees with manifest and invoice." If the declared contents of the entry (despacho) should not agree with the manifest, the difference is noted by the manifest clerk. In the case of goods dutiable ad valorem, it is also his duty to note for the information of the examiner the invoice value in terms of the currency of the exporting country.

Unenumerated goods—Assimilation.—Article 13 of the Preliminary Dispositions of the Tariff reads in part:

Goods not specified or not comprised in one of the numbers of the tariff, nor in any of its general classifications, shall be assimilated to those goods mentioned in the tariff to which they show analogy of the component material, or on account of the manufacture, tissue, workmanship, or shape, coupled with their use or employment; such goods shall pay the same duties as the goods to which they are assimilated
* * *

It was frankly admitted by Brazilian customs officials who were consulted on valuation that the service is not equipped for determining true commercial value. No expert appraisers specializing in export values are employed, and customs examination necessarily is rapid. The production of original commercial invoices, drafts, etc., is seldom required, and since effective and direct machinery for exacting these is not provided, the authenticity of such documents submitted is not always beyond question. Catalogues are not ordinarily consulted in fixing values.

With reference to the procedure under the similitude rule the law provides as follows:¹

Paragraph 1. In establishing similitude, the inspector, after hearing the opinion of experts designated for examination of the merchandise, shall decide whether or not there is ground for assimilation, and upon affirmative decision, under what paragraph of the tariff the goods are dutiable.

Par. 2. If the party in interest should not accept the assimilation, he may appeal to competent superior authority in the form and within the time prescribed by Title XI of the Consolidated Customs Laws * * *.

Par. 5. If, after observing the procedure established in paragraphs 1 and 2 of this article, the merchandise can not be assimilated, it shall be dutiable at the rate of 50 per cent ad valorem.

Procedure when the contents of packages are not known.—When the owner of merchandise does not know its classification under the tariff and therefore is ignorant as to the duties he must pay on it, or if the invoices (consular or commercial) do not contain the data necessary for making up the entry (despacho), he is permitted, after an application to the inspector of customs, to make a preliminary examination of the goods he wishes to clear. An examination in such case is

¹ Art. XIII, Preliminary Dispositions of the Tariff.

made by the importer or his despachante, who are then responsible for the classifications entered.

The importer may also, through permission of the inspector, prepare his entry with the statement "Contents not known." This entry is assigned for "internal" examination, and the examiner (conferente) designated proceeds to classify the goods for payment of duties according to the tariff. Either in such case or in the case of preliminary examination, a fine termed "de expediente," varying between 1.5 per cent and 5 per cent of the official value, is imposed at the discretion of the inspector. The clearance with declaration of "contents unknown" is used in preference to the method of preliminary examination.

Calculation of duties.—When the entry is assigned for calculation the three copies are delivered to the despachante in order that he may compute the duties to be paid. When, for example, the assignment is to an internal examiner the second and third copies only are delivered to him. The first or original is sent with a special receipt book to the examiner designated, who causes the packages covered thereby to be opened. After checking the numbers, marks, and countermarks, he counts and classifies the merchandise therein contained, verifying its quantity, measures, weights, and tares, and the entered value when goods dutiable ad valorem are in question, and makes the necessary notes on the entry respecting what he finds or verifies. If at this examination the examiner verifies the exactness of the declarations for each item or article described in the entry, he notes on the first copy (original) thereof the certificate of examination and the amount of duties and other imposts that are due, records what proportions are payable in gold and in paper, and immediately delivers the original to the despachante, who, after copying the notations and calculations of the examiner on the second and third copies, gives them to the examiner for signature.

Payment of duties.—After calculation of duties and other taxes has been effected,¹ and the proportions payable in gold and paper milreis fixed, the entry is taken to the cashier's office with a statement on separate form, in duplicate, showing the amount due in gold and in paper milreis, and the total of both. One statement is kept by the cashier or his deputy. For greater facility, the part of duties or taxes due in gold is paid by check issued by the Bank of Brazil, purchased there in paper milreis at market rate of exchange. After the entry has been paid it is given a progressive number which commences to run with No. 1 on the first working day of each month. This number is used for identification of the entry in all books through which it is passed, and likewise to establish receipt or voucher number.

¹ See p. 45.

Designation of examiner.—After payment of the entry, receipt of duties is noted thereon over authorized signature, record made thereof in cashier's books, and the original again sent to the manifest clerk for notation of progressive number on the corresponding manifest, and reference thereto on the original entry. It is then sent to the division that assigns entries for final or delivery clearance and examination. The officer in charge designates on the first (original) and third copies an examiner of delivery and clearance on duty in the warehouse where goods are stored, after which the first copy (original) is sent with receipt book to the examiner concerned, and the third copy to the cashier's office of the *Compagnie du Port de Rio de Janeiro* which, after payment there of the warehouse, discharge, and labor charges, is also sent to the same examiner. He, after verifying the exactness of calculations on the entry and amounts paid, signs a delivery request authorizing the warehouse keeper to release packages covered in entry for delivery (second) examination. This examination is conducted in the same manner as the internal examination already described¹ and applies to all cases referred to previously. When some excess difference is found between previous return and what is verified on the delivery examination, the importer is required to pay supplementary duties and fines, should any be applicable. This is effected on a form known as "statement of differences," calculated by the *despachante*, and covered into cashier's office in the same manner as payments relating to original entry. After additional warehouse charges arising through such differences (if any) have been paid, and the first copy (original) and triplicate of entry reach the examiner, he notes thereon the fact of payment and the amount of difference, certifies to examination of the packages, and delivers the third copy of entry to the warehouse keeper in order that he may order delivery of the packages, after verifying their marks, numbers, and quantity. Importer or his *despachante* then acknowledges receipt on the original entry of packages delivered.

Internal consumption tax.—Merchandise subject to internal consumption tax or impost (payable in stamps) may not be cleared until these have been paid; they are taken up by the customs cashier's office through a form designated as "statement of stamps"² extended in triplicate and certified by the respective internal-revenue officer when salt, perfumery, and medicinal specialties are in question, and by the examiner when other articles liable to this tax are concerned. The first copy (original) of this statement, which is given a progressive number, is sent to the examiner for check when merchandise is cleared or examined; the second copy is retained by the cashier, and the third returned to the owner of the goods with receipt issued by the corresponding employee, who also delivers to the interested party the

¹ See p. 41.

² See facsimile opposite p. 46.

internal consumption tax stamps that must be affixed to the articles before they are exposed for sale. When certain goods, such as ceramic and glassware and textiles, are in question, the stamps are affixed to the third copy of the "statement of stamps" and to original of the customs import entry.

If importers of merchandise, subject to the internal consumption impost or tax, prepare the corresponding "statement of stamps" for less than the amount to which goods are subject, they are liable to a fine equal in amount to the deficiency due the National Treasury, if such differences exceed 10 per cent. This fine goes to the employee who discovered the difference.

Free-entry clearances.—After application to the inspector, goods free of duty are coursed in the same manner as dutiable shipments. The inspector designates an examiner to establish the fact of their being entitled to entry free of import duties. The application is then checked with description of goods, exemption is allowed, application annexed to first copy (original) of the entry, and this takes the course already discussed for consumption entries, with the difference that it is given a separate progressive number, since it does not pass through the cashier's office. The payment of taxes other than import duties is effected on a statement of differences prepared by the despachante, like that employed in the payment of differences found on delivery or second examination of merchandise subject to import duties and entered for consumption.

Second audit.—After final examination and delivery have been effected and the third copy of entry turned over to warehouse keeper for delivery of the goods, the first copy (original) of the entry is sent by customs messenger to the corresponding division. There a check of the arithmetical calculations and liquidation of weights and measures, duties payable in gold and paper, internal consumption tax or impost, and all other taxes collected, is made to insure that these have been paid in accordance with the tariff and other laws in force.

A comparison of the statements in the manifests and consular invoices, and the laboratory analyses are made. The despachante's receipt for packages is verified and the powers of attorney of owners are checked as to date and signature. After establishing exactness of all these details, the auditor certifies to that fact on the entry and sends it to the customs files with the declaration that nothing additional is due as a result of the audit. If, on the contrary, differences are found due, an auditor's statement of differences is prepared, and the delinquents requested to pay; such payments as a rule are effected only if refunds for overpayment of duties are due the delinquents. They may not collect these refunds if indebted to the

customs for unpaid differences short collected. A leading despachante at Rio de Janeiro says in this connection:

The collection of such debts [differences short collected] is thus prolonged for many years, and many of them remain unpaid because delinquents and their domiciles can not be located. The auditing employee receives a commission of 10 per cent of the total of short-collected differences found by him when eventually collected.

The official method of notifying delinquents respecting additional duties found as result of audit is illustrated by publication in *Diario Oficial* No. 298, December 19, 1915, pages 13928 and 13929. This notice covers certain importations of 1913, gives names of importers of record, of the despachantes, progressive entry numbers, and amounts due, which are relatively unimportant, reaching a total of but 2:878\$985 gold (\$1,571.93 United States currency) and 3:998\$132 paper (\$971.55 United States currency at rate of exchange quoted at time of publication).

No samples in audit system.—In the usual course of examination in the Brazilian customhouse no samples of textiles, paper, leather, or of other goods from which samples may be taken without damaging the merchandise, are taken, for consideration upon final audit. If this were done it would tend to create uniformity in classification, provided a competent central auditor's office had charge of such work. It would not leave, as is the case now, the final determination of classification in the hands of customs employees who know that there is no possibility of their work or returns being controlled. When the entry covering such articles has passed through the hands of the conferente, or examiner, there is no method whereby his classifications may be adequately checked.

Limitations.—At the end of two months from the date of the payment of duties an importer is barred from claiming a refund because of mistakes in classification or error in calculations. The national treasury must make claims against the importer within one year.¹

Section 7. Pure food regulation.

Alimentary products and beverages may not leave the customhouse without the previous submission of a sample to the National Laboratory of Analysis, which declares whether the product analyzed contains any substances noxious to health.

Should this be decided in the affirmative, the owner or consignee is required to reexport the goods within a period of 30 days, or become liable to a fine of 1:000\$000. If the analyzed product should not contain substances injurious to health, the examiner, on authority of the note or bulletin of the laboratory, makes proper notation to this effect on the entry. A fee of 20\$000 is charged for this analysis.

¹ "Consolidated Customs Laws," art. 666.

Section 8. Method of calculating duties in Brazil and typical clearances through the Brazilian customhouse at Rio de Janeiro.

Method of calculating duties.—The method of calculating duties in Brazil is confusing, in the first place, on account of the fluctuations in the currency of the country; in the second place, because 40 per cent of the duties are payable in gold milreis and 60 per cent in paper milreis;¹ and finally, on account of the many other charges which are not strictly customs duties collected by the customhouse. These additional charges come as an unwelcome surprise to the trader unfamiliar with the Brazilian customs system. On account of the complexity attending the clearance of goods through the customhouse, the importers are practically forced to have their shipments handled by a despachante, or customs broker, although they are not required by law to do so.

Law No. 1452 of December 30, 1905,² providing for the collection of 50 per cent in gold and 50 per cent in paper milreis on certain enumerated articles and on all other articles 35 per cent in gold and 65 per cent in paper milreis, has been abrogated. These distinctions as to proportion of gold and paper formerly collected on different classes of merchandise were abolished by Law 3070-A, of December 31, 1915 (art. 2, sec. 3), which fixes the proportion to be collected on all goods at 40 per cent in gold and 60 per cent in paper milreis.

Typical clearances.—The following typical clearances (A, B, C, D, E, and F) show the method of calculating customs duties in Brazil. The cases selected for customs classification and the liquidation of duties and other charges include American cotton prints, base-metal watches, canned peaches, canned salmon, ready-to-wear clothing, and small electric motors. All of these are standard products and are not chosen because of unusual characteristics which might subject them to extraordinary customs taxation. They were selected because the articles discussed represent staple lines widely manufactured or produced in the United States in such quantities that an export business in them might properly be built up.

American cotton prints.—The following (A)³ illustrates an importation of 25,000 yards (22,860 meters) plain-woven American cotton prints, 25 inches (63.5 centimeters) wide, 64 by 64 ends per square inch (25 threads per square of 5 millimeters), weight per 100 square yards 15 pounds 10 $\frac{1}{4}$ ounces (8.500 kilos per 100 square meters);⁴ assumed c. i. f. value Rio de Janeiro, \$1,329.50 United

¹ The gold milreis equals \$0.546 United States currency; the paper milreis fluctuates, and in December, 1915, was worth about \$0.243 United States currency. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

² Art. II, No. 3, a and b.

³ See facsimile of "nota de despacho," or entry, opposite p. 39.

⁴ The square of 1 inch side divided by 5.08 equals the square of 5 millimeters side. One square yard equals 0.836 square meter. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

States currency, gross weight, 1,592 kilos¹ (3,510 pounds), net weight, without interior wrappings, etc., 1,234 kilos (2,720 pounds), dutiable under fourth division, paragraph 472 of the tariff, class V to VII at \$3400 per kilo. To ascertain item and rate applicable under paragraph 472 multiply the true weight per square meter (85 grams) by 20 (the 10 by 10 thread basis mentioned in caption of paragraph) and divide product by number of threads per square of 5 millimeters. Hence $\frac{85 \times 20}{25} = 68$ grams (fractions of grams to be omitted) and is weight per square meter that governs classification. Specific rate of \$3400 is applicable, ratio (razão) 60 per cent. Duty is leviable on the net weight.

1,234 kilos at \$3400.....	4:195\$600
35 per cent of 4:195\$600 payable in gold milreis.....	1:468\$460
2 per cent tax on official valuation for port works.....	$\frac{4:195\$600 \times 2}{60 \text{ ratio (razão)}} = 139\350
Gold milreis.....	1:608\$310
Converted to paper milreis at 2\$180 by Bank of Brazil.....	3:506\$120
65 per cent of 4:195\$600, payable in paper milreis.....	2:727\$140
Statistical tax, paper.....	\$150
Discharging tax at \$0015 per kilo on 1,592 kilos gross weight.....	2\$390
Handling (shore labor) tax, \$005 per kilo, on 1,592 kilos gross weight.....	7\$960
Tax for port maintenance \$001 per kilo on 1,592 kilos gross weight.....	1\$600
Storage charges prescribed under art. 594 Consolidated Customs Laws and amendments, 1 per cent of official valuation (6:993\$000), if cleared during first month.....	69\$930
Consumption (internal stamp) tax, ² decree No. 11, 807, Dec. 9, 1915, Chap. II, par. 12, div. III, at \$030 per lineal meter (22,860 meters).....	685\$800
Stamps for entry, ³ bill of lading, and petty charges.....	5\$000
Total paper milreis.....	7:006\$090

The following (A-1) illustrates procedure under the system of collecting 40 per cent of the duties in gold milreis and 60 per cent in paper, recently decreed. Duties amount to—

40 per cent of 4:195\$600 in gold.....	1:678\$240
2 per cent of official valuation for port works.....	139\$850
Gold milreis.....	1:818\$090
Converted to paper milreis at 2\$180 to gold milreis.....	3:963\$440
60 per cent of 4:195\$600, payable in paper milreis.....	2:517\$360
All other charges and taxes identical with those illustrated in "A," paper..	772\$830
Total paper milreis.....	7:253\$630

¹ One kilo=2.2046 pounds.

² See facsimile of statement of "stamps due," opposite p. 46.

³ See facsimile of "nota de despacho," or entry, opposite p. 39.

ALFANDEGA DO RIO DE JANEIRO

GUIA DE AQUISIÇÃO DE ESTAMPILHAS PARA PRODUCTOS ESTRANGEIROS

N.º _____

SELLOS

Via _____

Imposto de consumo de 22860 metros tecido algodão estampado 30O Sr. J. P. & C.ª

estabelecido á Rua J. P. & C.ª, n.º 160, com negocio de Fazendas, registrado sob n.º _____, precisa das seguintes estampilhas para as mercadorias despachadas pela nota n.º _____ de 12 de Dezembro de 1914

	Estampilhas do valor de	\$010.....	_____
	" " " de	\$020.....	_____
	" " " de	\$025.....	_____
	" " " de	\$030.....	_____
	" " " de	\$040.....	_____
	" " " de	\$050.....	_____
	" " " de	\$060.....	_____
	" " " de	\$080.....	_____
	" " " de	\$100.....	_____
	" " " de	\$200.....	_____
	" " " de	\$300.....	_____
<u>2</u>	" " " de	\$400.....	<u>800</u>
	" " " de	\$500.....	_____
	" " " de	\$700.....	_____
	" " " de	\$1000.....	_____
	" " " de	\$1500.....	_____
<u>1</u>	" " " de	\$2000.....	<u>5,000</u>
	" " " de	\$3000.....	_____
	" " " de	\$5000.....	_____
<u>4</u>	" " " de	\$10000.....	<u>80,000</u>
	" " " de	\$15000.....	_____
<u>6</u>	" " " de	\$20000.....	<u>600,000</u>
	" " " de	\$50000.....	<u>585,800</u>
	" " " de	\$100000.....	_____

Importa em Seiscentos e oitenta e cinco mil e 800 reis.

Rio de Janeiro, 12 de Dezembro 1914

De accordo

• Conferente ou o Agente Fiscal.

Lançado á fl. _____ do livro caixa n.º _____

• Escrição em o Recebido.

Typ. de Alfandega—1915.

STATEMENT OF STAMPS PURCHASED FOR FOREIGN PRODUCTS. (BRAZILIAN INTERNAL CONSUMPTION TAX.)

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and the role of the accounting department in ensuring the integrity of the financial statements. It also highlights the need for regular audits and the importance of transparency in financial reporting.

2. The second part of the document focuses on the internal control system, which is designed to prevent and detect errors and fraud. It describes the various controls implemented by the company, including segregation of duties, authorization procedures, and physical controls over assets.

3. The third part of the document discusses the budgeting process, which is used to plan and control the company's financial resources. It describes how the budget is developed, approved, and used to monitor performance throughout the year.

4. The fourth part of the document discusses the tax management system, which is designed to ensure that the company complies with all applicable tax laws and regulations. It describes the various tax planning strategies used by the company to minimize its tax liability.

5. The fifth part of the document discusses the financial reporting system, which is used to prepare and present the company's financial statements to management and external stakeholders. It describes the various financial ratios and metrics used to evaluate the company's financial performance.

6. The sixth part of the document discusses the risk management system, which is designed to identify and manage the company's financial risks. It describes the various risk assessment tools used by the company to evaluate the potential impact of various risks on its financial position.

7. The seventh part of the document discusses the capital management system, which is designed to ensure that the company has sufficient capital resources to meet its long-term needs. It describes the various capital raising strategies used by the company to finance its operations and growth.

8. The eighth part of the document discusses the financial forecasting system, which is used to predict the company's future financial performance. It describes the various forecasting models used by the company to estimate future revenues, expenses, and cash flows.

9. The ninth part of the document discusses the financial compliance system, which is designed to ensure that the company complies with all applicable financial laws and regulations. It describes the various compliance procedures used by the company to monitor and report on its financial activities.

10. The tenth part of the document discusses the financial performance evaluation system, which is used to assess the company's overall financial performance. It describes the various performance indicators used by the company to evaluate its financial health and the effectiveness of its financial management system.

An additional 247\$540 paper is therefore collected under the new system. Assuming rate of exchange to be 2\$180 paper to the gold milreis at the December, 1915, rate, when the paper milreis was worth about 24.3 cents United States currency (i. e., an American dollar could be sold in Brazil for about 4\$120), duties and other charges would thus reach \$1,762.63 United States currency, which is 132.6 per cent of assumed c. i. f. value:

Nickel watches.—The following (B) illustrates an importation of 1 gross nickel watches, assumed c. i. f. value Rio de Janeiro \$75 United States currency, gross weight 40 kilos (88 pounds), dutiable under item 4, first division, paragraph 801 of the tariff, at 2\$ each, ratio (*razão*) 20 per cent.

144 watches at 2\$000 each.....	288\$000
Less preferential reduction granted American watches 20 per cent.....	57\$600
	<hr/> 230\$400 <hr/>
40 per cent of 230\$400, payable in gold milreis.....	92\$160
2 per cent tax on official valuation for port works.....	28\$800
	<hr/> Gold milreis.....120\$960 <hr/>
Converted to paper milreis at 2\$180.....	263\$700
60 per cent of 230\$400, payable in paper milreis.....	138\$240
Statistical tax, paper.....	\$010
Discharging tax at \$0015 per kilo on 40 kilos gross weight.....	\$060
Handling (shore labor) tax at \$005 per kilo on 40 kilos gross weight.....	\$200
Tax for port maintenance at \$001 per kilo on 40 kilos gross weight.....	\$040
Storage charges, 1 per cent of official valuation 1:440\$000, if cleared during first month.....	14\$400
Stamps for entry, bill of lading, and petty charges.....	5\$000
	<hr/> Total paper milreis.....421\$650 <hr/>

421\$650 is equal to \$102.46 United States currency which is 136.6 per cent of assumed c. i. f. value at December, 1915, rate of exchange, when the paper milreis was worth about 24.3 cents United States currency.¹ The facility with which relatively small articles of considerable value in proportion to their bulk may be illegally introduced into any country, regardless of the most rigid precautions, suggests that a rate of duty approximating 136.6 per cent on cheap watches much in demand, is a constant incentive to smuggling.

Canned peaches.—The following (C) illustrates an importation of 10 cases canned peaches, assumed c. i. f. value Rio de Janeiro, \$36.30 United States currency, 24 2-pound cans to the case, gross weight 260 kilos (573 pounds), weight including tins, 240 kilos (529 pounds),

¹ The experience of Uruguay in similar importations, before and after amending tariff schedule, is discussed in Chap. III, pp. 90, 97.

dutiable under item 1, paragraph 91, of the tariff at 1\$200 per kilo, on weight, including tins, ratio (razão) 50 per cent.

240 kilos at 1\$200.....	288\$000
40 per cent of 288\$000, payable in gold milreis.....	115\$200
2 per cent tax on official valuation for port works $\frac{288\$000 \times 2}{50 \text{ ratio (razão)}}$	11\$520
Gold milreis.....	126\$720
Converted to paper milreis at 2\$180.....	276\$250
60 per cent of 288\$000, payable in paper milreis.....	172\$800
Statistical tax, paper.....	\$100
Discharging tax at \$0015 per kilo on 260 kilos gross weight.....	\$390
Handling (shore labor) tax at \$005 per kilo on 260 kilos gross weight.....	1\$300
Tax for port maintenance at \$001 per kilo on 260 kilos gross weight.....	\$260
Storage charges, 2 per cent of official valuation (576\$000), if cleared during first month. (Art. 600 and table "K" of Consolidated Customs Laws provides for double storage charges on imports dutiable under schedule 6 of the tariff).....	11\$520
Consumption (internal stamp) tax, decree No. 11807, Dec. 9, 1915, Chap. II, par. 8 (c), div. I, for each 250 grams or fraction on weight, including tins, \$025 (240 kilos \times 4 \times \$025).....	24\$000
Fee for chemical analysis required under pure-food law.....	20\$000
Stamps for entry, bill of lading, and petty charges.....	5\$000
Total paper milreis.....	511\$620

511\$620 is equal to \$124.32 United States currency which is 342.5 per cent of assumed c. i. f. value at December, 1915, rate of exchange, when the paper milreis was worth 24.3 cents United States currency. Duties on canned fruits until recently were levied on the basis of 50 per cent in gold and 50 per cent in paper milreis under the statute abrogated by Law 3070-A of December 31, 1915, which establishes the proportion of 40 per cent in gold and 60 per cent in paper on all dutiable imports.

Fresh fruit and vegetable combination.—In Rio de Janeiro there exists a trade combination which controls the market price of fresh fruit and vegetables. Whether or not it is the intention of the Government to protect this combination, the high duties which have been discussed above clearly have this result. The canning industries of Brazil are not developed to any extent, notwithstanding the fact that these practically prohibitive rates would furnish ample protection for any industry of this kind.

Canned salmon.—The following (D) illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Rio de Janeiro \$37.30 United States currency, 48 1-pound cans to the case, gross weight 311 kilos (686 pounds), weight including tins 276 kilos (608 pounds),

dutiable under item 2, fourth division, paragraph 62, of the tariff at 1\$200 per kilo, on weight including tins, ratio (razão) 50 per cent.

276 kilos at 1\$200.....	331\$200
40 per cent of 331\$200, payable in gold milreis.....	132\$480
2 per cent tax on official valuation for port works $\frac{331\$200 \times 2}{50 \text{ ratio (razão)}}$	13\$250
Gold milreis.....	145\$730
Converted to paper milreis, at 2\$180.....	317\$700
60 per cent of 331\$200, payable in paper milreis.....	198\$720
Statistical tax, paper.....	\$100
Discharging tax at \$0015 per kilo on 311 kilos gross weight.....	\$470
Handling (shore labor) tax at \$005 per kilo on 311 kilos gross weight.....	1\$560
Tax for port maintenance at \$001 per kilo.....	\$310
Storage charges, 2 per cent of official valuation (662\$400), if cleared during first month. (Art. 600 and table "K" of Consolidated Customs Laws provides for double storage charges on fish products dutiable under schedule 4 of the tariff).....	13\$250
Consumption (internal stamp) tax, decree No. 11807, Dec. 9, 1915, Chap. II, par. 8 (b), div. I, for each 250 grams or fraction, on weight including tins, \$025 (276 kilos x 4 x \$025).....	27\$600
Fee for chemical analysis required under pure-food law.....	20\$000
Stamps for entry, bill of lading, and petty charges.....	5\$000
Total paper milreis.....	584\$710

584\$710 is equal to \$142.08 United States currency which is 380.9 per cent of assumed c. i. f. value at December, 1915, rate of exchange, when the paper milreis was worth 24.3 cents United States currency.

Preserved caviar, fish roe or anchovies would be dutiable under the same paragraph and at the same rate as canned salmon, while canned sardines pay duty under item 1, fourth division of paragraph 62, at \$600 (600 reis) per kilo, including tins, or at one-half the rate on salmon. Paté de foie gras, game, and meats of the delicatessen class are grouped with ham, meat preserves, sausages, tongues, soups, etc., under the sixth division of paragraph 53 of the tariff, no discrimination existing between duties levied on corned beef, for example, and on paté de foie gras, or the most expensive potted game and fowl. Hence the finer grades of these preserves do not bear their just proportion of customs taxation, while canned goods not to be classed as luxuries are heavily burdened. As previously observed, the canning industry in Brazil has not advanced notably, despite the tariff barrier against cheap yet wholesome canned goods.

Men's woolen or worsted suits.—The following (E) illustrates an importation of 1 dozen men's woolen or worsted suits, coats, vests, and trousers, summer weight, with or without admixture of cotton or other vegetable fibers, assumed c. i. f. value Rio de Janeiro \$116 United States currency; gross weight 60 kilos (132 pounds);

net weight, without interior packing or wrapping, 33 kilos (72.75 pounds), dutiable under item 4, fifth division, paragraph 520, of the tariff at 24\$000 per kilo net weight, ratio (razão) 60 per cent.

33 kilos at 24\$000.....	792\$000
40 per cent of 792\$000, payable in gold milreis.....	316\$800
2 per cent tax on official valuation for port works $\frac{792\$000 \times 2}{60 \text{ ratio (razão)}}$	26\$400
Gold milreis.....	343\$200
Converted to paper milreis at 2\$180.....	748\$180
Statistical tax, paper.....	\$010
60 per cent of 792\$000, payable in paper milreis.....	475\$200
Discharging tax at \$0015 per kilo on 60 kilos gross weight.....	\$090
Handling (shore labor) tax at \$005 per kilo on 60 kilos gross weight.....	\$300
Tax for port maintenance at \$001 per kilo.....	\$060
Storage charges, 1 per cent of official valuation (1:320\$000), if cleared during first month.....	13\$200
Stamps for entry, bill of lading, and petty charges.....	5\$000
Total paper milreis.....	1:242\$040

1:242\$040 is equal to \$301.82 United States currency which is 260.2 per cent of assumed c. i. f. value at December, 1915, rate of exchange, when the paper milreis was worth 24.3 cents United States currency.

Electric motors.—The following (F) illustrates an importation of 2 electric motors, assumed c. i. f. value Rio de Janeiro \$125 United States currency; gross weight 300 kilos (661 pounds), dutiable under first division, paragraph 1008 of the tariff at 15 per cent ad valorem. Article XV, Preliminary Dispositions of the Tariff, requires the conversion of foreign entered values to milreis at 12d. (\$0.243 United States currency), and American currency consequently is converted at 4\$120 to the dollar.

\$125.00 x 4\$120.....	515\$000
15 per cent of 515\$000=77\$250.	
40 per cent of 77\$250, payable in gold milreis.....	30\$900
2 per cent tax on entered or appraised valuation (515\$000) for port works..	10\$300
Gold milreis.....	41\$200
Converted to paper milreis, considering gold milreis quoted at 2\$250 paper..	92\$700
60 per cent of 77\$250, payable in paper milreis.....	46\$350
Statistical tax, paper.....	\$040
Discharging tax at \$0015 per kilo on 300 kilos gross weight.....	\$450
Handling (shore labor) tax \$005 per kilo on 300 kilos gross weight.....	1\$500
Tax for port maintenance \$001 per kilo on 300 kilos gross weight.....	\$300
Storage charges, 2 per cent of entered or appraised valuation (515\$000), if cleared during first month (Art. 600 and table "K" and amendments of Consolidated Customs Laws provide for double charges on certain imports).....	10\$300
Stamps for entry, bill of lading, and petty charges.....	5\$000
Total paper milreis.....	156\$640

156\$640 is equal to \$38.06 United States currency, which is 30.4 per cent of assumed c. i. f. value at December, 1915, rate of exchange when the paper milreis was worth 24.3 cents United States currency.

Effect of the fluctuation of the milreis.—It has been stated that the paper milreis fluctuates widely, and for this shipment of motors the exchange value of the milreis is taken at the rate prevailing during part of December, 1915, \$0.243 United States currency. Duties and other charges on the motors in the foregoing illustration amount, as stated, to \$38.06 United States currency which is 30.4 per cent of the assumed c. i. f. value. If the paper milreis were at par (16d. which is \$0.324 United States currency), duties and charges on the same shipment would be \$43.28 United States currency which is 34.6 per cent of the assumed c. i. f. value, viz. (F-1):

40 per cent of 77\$250, payable in gold.	30\$900
2 per cent gold tax for port works, on entered or appraised valuation (515\$000). ..	10\$300
Gold milreis.	41\$200
Converted to paper milreis, considering paper milreis at par (16d., or \$0.324 United States currency), and gold milreis quoted at 1\$690, paper.	69\$630
60 per cent of 77\$250, payable in paper.	46\$350
All other charges identical with those illustrated in "F," paper.	17\$590
Total paper milreis.	133\$570

133\$570 at \$0.324 equals \$43.28 United States currency.

If an importer, therefore, is keeping his books in gold, a decline in the value of the paper milreis will decrease the ad valorem equivalent of the duties which he pays; on the contrary, if he keeps his accounts in paper milreis, a decline in the value of paper milreis will increase the ad valorem equivalent of the duties which he pays.

A shipper, however, who, taking the provisions of the tariff at face value, believes his motors to be subject to a duty of 15 per cent, finds, that after buying his gold milreis at the recent December average rate of exchange, for settlement of duties and other charges, and through the artificial means of increasing the liquidated amount of duties by the exaction of 60 per cent in paper and 40 per cent in gold milreis, he or his representative or consignee pays 30.4 per cent. When the paper milreis is at par (16 d. which is \$0.324 United States currency) his total duty reaches 34.6 per cent of c. i. f. value, because he must purchase gold milreis with paper valued at a higher gold equivalent than in the former case, and his duties are thus increased in terms of foreign gold. In either event, his calculation, if based on the nominal 15 per cent ad valorem provision, is over 100 per cent in error.

Despachante charges.—Fees of the despachante or customs broker, have not been included in the foregoing examples. His charges usually are measured by the value or size of the importation, and

sometimes he is retained at a fixed salary per month by the larger importers. Again, his fees may be based on the economy in payment of duties, etc., that he is able to effect for his clients, through superior knowledge of the tariff, regulations, etc. Nor has drayage been included in the examples, as this is subject to arrangement between the parties.

Section 9. Fines and seizures.

Upon the subject of fines and seizures in Brazil the Consolidated Customs Laws provide:

ART. 488. If on examination of merchandise, pieces are found different in quality from those enumerated in the importer's entry, such differences subjecting the goods to greater duty, and the importer offers no protest against the higher classification, the examiner will make a note of the number, quantity and quality of the said pieces, for collection of the corresponding duties, and for this purpose it shall be sufficient if the notation be signed and certified by the inspector.

In case of protest, procedure will be taken in accordance with article 492.

PAR. 1. If the difference in duty between the declaration and the result of the examination should be 50 per cent or more, and the liquidated difference in duties should exceed 100\$000, the interested party shall pay in addition for account of the examiner, a fine equal to the duty on difference established.

PAR. 2. If the liquidated difference in duties does not exceed 100\$000 a fine of from 1.5 to 5 per cent provided for under article 477, paragraph 2, shall be collected for the omission so verified, whatever the exact difference in amount of duty may be.¹

PAR. 3. When in one or more packages of the same item or lot as described in entry, merchandise different in quality from that declared in entry and contained in other packages is found, procedure will be taken in accordance with preceding paragraphs.

PAR. 4. If in preparing the entry, interested party should have declared ignorance as to one or more of the essential characteristics of the merchandise, and the administrative fine provided for in article 477, paragraph 2, has been imposed in consequence [1.5 to 5 per cent], and variation or difference should be found in another characteristic as to which ignorance did not exist or was not declared, the fine stipulated in paragraph 1 of this article shall be imposed, if circumstances are found to be as therein set forth.

PAR. 5. Should the packing of the merchandise be so contrived as to conceal the goods among others in order to evade duty, the examiner shall confiscate the same together with all other goods contained in the package, reporting the fact to the inspector in order that he may formulate the respective process of seizure. In case of condemnation the owner shall forfeit all the goods contained in the package and shall pay a fine equal to 50 per cent of their value. This last penalty is applied to cases where merchandise is found in false bottoms, double partitions, or in compartments or divisions designed in any way for the concealment of goods.

PAR. 6. In both cases to which the preceding paragraph refers, the owner or consignee shall be submitted to criminal process as provided by article 631, paragraph 2, of these regulations.

PAR. 7. If the merchandise contained in one package [should there be but one item in the entry], or in various packages [if there be various items] should all be found different from that declared in entry, the simple duties only shall be collected, plus the administrative fine of 1.5 to 5 per cent, and in such case the examiner shall verify contents of all the packages. * * *

¹ This fine, whenever imposed, is based on the difference in duties found.

ART. 489. If, upon count, measurement, or weighing of merchandise, a greater quantity than declared in entry is found, the interested party shall pay the difference in duties, and besides these an equal amount as a fine for benefit of the examiner, should the difference in duties exceed 100\$000.

Par. 1. If the difference in duties does not exceed this amount he shall pay the fine prescribed in article 477, paragraph 2 [1.5 to 5 per cent], which shall be based on the difference in duties corresponding to excess quantity found.

Par. 2. If the entry consist of two or more items, differences in quantity found shall be combined for the purpose of imposing the fine prescribed in this article.

Par. 3. Differences in quality [see art. 488 cited] shall not be combined with differences in quantity for purpose of the fine of double duties.

Par. 4. Whenever excess is found in one or more items of the entry, the examiner shall consider differences resulting in less than entered quantity that may be found in other items of the entry, the fine being collectible under this article, after balance of major and minor differences, only on the remaining excess in weight, count, or measurement of the merchandise declared in entry. * * *

ART. 490. If less merchandise is found upon examination than appears on the importer's entry, the examiner will communicate this fact to the inspector, noting the fact on the entry, in order that duties may be collected on the contents actually found, and fine shall be collected as provided by article 477, paragraph 2 [1.5 to 5 per cent] calculated on the amount of duties that the difference would have caused.

If the circumstances reveal fraud, or removal of contents, the interested party shall pay, according to the judgment of the inspector, double duties on the difference found to exist between the goods enumerated in the entry and those found upon examination. *

Article LI of the Preliminary Dispositions of the Tariff reads in part as follows:

Sole paragraph: The penalty of double duty for discrepancies found upon examination of goods, shall be incurred whenever the difference in duties leviable exceeds 100\$000.¹

Section 10. Protests and appeals.

If upon examination the customs examiner believes that the classification is different from the classification declared by the importer in the entry, and as a result of the refusal of the importer or his despachante to accept the classification proposed by the examiner a difference of opinion arises as to what duties are applicable, recourse can be had to a tariff commission, composed of eight examiners. After considering the question, this commission submits the case, with its findings, to the inspector who decides the question according to his best judgment. He may accept or reject the findings of the commission. If the decision of the inspector is adverse to the importer and he refuses to accept it, he may appeal to a commission of arbitrators (experts) composed of two merchants named by him and of two examiners designated by the inspector, who are not members of the tariff commission. These arbitrators decide the case before them by a majority vote, and in case of a tie the inspector

¹ See also Art. XVII, Preliminary Tariff Dispositions cited under Valuation in the Brazilian Custom-houses, p. 58.

decides the issue. If their decision is again adverse to the importer and he does not accept it he may appeal within 30 days to the minister of finance, whose decision shall be final.

The following articles relating to appeal are taken from the Preliminary Dispositions of the Tariff:

ART. XIII, par. 2. Should the interested party not accept the assimilation, he may appeal to the competent superior authority in the form and within the period determined by Title XI, Consolidated Customs Laws.

ART. XVII. Should the examiner not accept the value declared by the interested party [respecting values entered when goods are dutiable ad valorem], or if the latter rejects the value fixed by examiner, the procedure established under article 511, Consolidated Customs Laws, shall be followed. * * *

PAR. 3. Appeal from decision of the arbiters shall lie [respecting entered values of goods dutiable ad valorem], and the interested party in all cases shall have the option of reexporting goods within the period fixed by the inspector, and after payment of any fines that may have been incurred.

The following articles, covering the question of appeals, are taken from the Consolidated Customs Laws of Brazil:

ART. 511. If the examiner does not accept the value entered by interested party [respecting goods subject to duty ad valorem] or the latter rejects the value fixed by examiner, the customs chief, after hearing the opinion of the tariff commission and that of any other party he may desire, shall decide the question on its merits.

PARAGRAPH 1. If final decision is not within jurisdiction of the customs chief, the interested party may insist that the question be submitted to arbitration * * *.

ART. 654. From the administrative decisions of inspectors or administrators of revenue there shall lie—

(a) Ordinary appeal.

(b) Appeal for review.

ART. 655. Ordinary appeal lies—(1) respecting differences in quality touching the amount of duties resulting through such differences, and the amount of the fine applicable; (2) respecting the assimilation of goods, as to the amount of additional duties, according to the decision challenged [Art. 13, Preliminary Dispositions of the Tariff];¹ (3) respecting excess merchandise, touching the corresponding amount of excess duty and the respective fine; (4) respecting smuggled goods and seizures, as to the value of goods seized, and the the fines accruing; (5) respecting fines imposed, concerning their amount.

Sole paragraph: Ordinary appeal, which may be taken only in cases not within jurisdiction of the customs chief, when differences in quality, classification, value, and assimilation are involved, must be taken to arbitral judgment [arts. 515 to 518, Consolidated Customs Laws], and from such judgment to the minister of finance.

* * *

ART. 656. Appeal for review from decisions within the jurisdiction [of the customs chief] may be taken only in cases of incompetence, extralimitation of powers, and violation of the law or essential forms.

PARAGRAPH 1. This appeal shall be directed to the minister of finance, to whom it shall be transmitted by the respective customs chief within the terms of article 659, even if extralimitation of powers and violation of the law or essential forms are not proven, as the federal treasury alone has power to examine and determine proof in such cases. * * *

¹ See p. 54.

ART. 657. The jurisdiction of the inspector of the customhouse at Rio de Janeiro extends to all questions involving any sum up to 3:000\$000; that of the inspectors at Santos, Bahia, Pernambuco, and Pará to 2:000\$000; that of the inspectors at Porto Alegre, Rio Grande, Santa Catharina, and Maceió to 1:000\$000; and that of other inspectors in the remaining customhouses to 500\$000.

ART. 658 * * * Par. 1. Values falling within the jurisdiction referred to are determined, not by the value of the goods in question, but by the amount of duties caused, except as provided in paragraph 2 of article 492. * * *

ART. 664. Common appeals shall have the effect to suspend the final action of the customs authorities, except in the cases provided by paragraph 2 of article 650.

Paragraph 2 of article 650 provides that in cases of seizure the auction sale shall take place within 48 hours after publication and notification of definite and irrevocable decision of seizure, unless the party effecting confiscation prefers to pay 30 per cent of commercial value of the goods into the treasury, and the customs chief permits this course.

Section 11. Samples of commercial travelers, advertising matter, etc.

Law No. 3070-A of December 31, 1915,¹ article 3, paragraph 10, provides that the samples of commercial travelers shall be accorded the same exemptions as are accorded to the effects of lyric, dramatic, and similar traveling companies. The law² relating to lyric, dramatic, and similar companies provides that their effects may be imported for a period fixed by the inspector of customs, subject to a reasonable extension of time by him, without the payment of duties, provided that a Brazilian consular certificate issued in the country of origin accompanies the samples and specifies the contents of the packages. The amount of the duties leviable on the goods thus imported must be deposited in the customhouse, or a bond guaranteeing their payment must be filed. The duties deposited will be refunded or the bond will be canceled upon the reexportation of the samples.

The registration tax of 10 per cent³ on the official (tariff) valuation or on the invoice value if actually dutiable on this basis, applicable to most articles admitted free of duty, is reduced to 5 per cent on commercial travelers' samples.

Under the same article the duties on advertising catalogues, prospectuses, posters, etc., are reduced 50 per cent, if the printing thereon establishes their identity as such. The duties levied on pocket-knives, pencil holders, cigarette cases, etc., clearly not designed and imported for sale, but bearing devices, legends, etc., that establish their character as advertising media are also reduced in the same article by 50 per cent.

¹ Diário Oficial (Official Gazette) No. 2, Jan. 2, 1916.

² Preliminary Dispositions of the Tariff, Art. II, par. 27.

³ Consolidated Customs Laws, arts. 560 and 561.

Section 12. Parcel post.

When postal packages are received from on board and delivered to post office, this office issues a notice to addressees to appear for purpose of withdrawing them. This is presented by addressee to the customs division connected with parcel post service, and there assigned for examination, which will be held in presence of owner or the person legally designated by him. Classification is then made in accordance with the tariff, which the interested party may either accept or reject. In case of nonacceptance the procedure outlined for other protests is followed. Under ordinary conditions when classification has been determined, the amount of duties and other charges are calculated, and collected by an employee of customs cashier's office detailed to the division for this purpose. The second examination is then made, and if all is found in order, the package is turned over to the owner or his representative under receipt.

Clearance in the parcel post service, owing to its nature, is more simple than clearance of regularly manifested goods. It is also autonomous because all documents are coursed only through the division in charge of this branch, from beginning of the process of clearance until it is terminated, without the intervention of other customs divisions as in other clearances. It should be observed also that all documents are coursed by fiscal employees without direct initiative or interference by owners or despachantes. The employee receiving duties and other charges covers these in the cashier's office daily, together with the respective parcel post entries, which are then numbered (after payment), audited, and filed.

There is, however, no effective audit controlling parcel post shipments. No consecutive numbers are carried before payment on these liquidations, and proper clearance rests entirely with the examiner.¹

Section 13. Voluntary declaration of differences.

Article 483 of the Consolidated Customs Laws of Brazil reads as follows:

The voluntary declaration of differences [in class or quantity] of imported merchandise or of its concealment in any form, or of any other intent to evade customs duties, made by the owner or consignee or the representative of either of them, shall be accepted for the purpose of nonimposition of penalties prescribed in the fiscal regulations, and may be offered on any occasion, except in the act of search, examination, or verification or when the chief of customs has official knowledge of the facts or informer's denunciation of the facts, and for the purposes of this article the act of examination or verification shall be considered begun when the respective import entry [despacho] has been assigned to the examiner [conferente]. * * *

¹ Law No. 3070-A, Dec. 31, 1915, Art. V: "Postal packages coming from Portugal, like those from other European countries, shall have a maximum limit of 5 kilos (11 pounds)."

When questioned as to the actual operation of this article and its effect on the revenue the inspector (collector of the customs) at Rio de Janeiro replied:

The effect of article 483 of the Consolidated Customs Laws beyond being liberal has also been salutary. Permitting the importer to make the declaration of differences in or of the concealment of merchandise, freeing himself of any fine when the customhouse has no knowledge of such concealment, or even when the entry [nota de despacho] has not been assigned to the respective examiner [conferente,] the occasions when merchants have availed themselves of this privilege have been frequent, and as a result full duties have been collected that otherwise might often have been lost through concealment of the goods, or through differences in quality, weight, or quantity.

But evidently this law also affords the dishonest importer immunity when through adverse circumstances he is not able to escape the payment of duties.

Brazil has the highest tariff in the Western Hemisphere. Her long coast line is for the most part unguarded and on the land side she borders on countries whose tariffs at least are more moderate, such as Uruguay, Paraguay, and Argentina. The Brazilian Government has made a great effort to suppress smuggling and there are frequent references in the public press to the detection of this irregularity.¹

¹ The following is a translation of an article which appeared in the newspaper "A Noite," Rio de Janeiro, December 17, 1915:

"THE ATTACKS UPON THE PUBLIC TREASURY—ANOTHER BIG SCANDAL IN THE CUSTOMHOUSE—FIRE EXTINGUISHERS CLEARED AS MANUFACTURES OF ZINC.

"It was generally believed that the customs authorities had discovered all of the illegal clearances which had resulted in a loss of Rs. 12,000,000\$000 [\$2,916,000 United States currency at current rate of exchange], according to the estimate made by the Inspector ———.

"A great deal still remains to be discovered. Only a few days ago the head of the first section of the customhouse casually 'nipped' the triplicate copy of an illegal entry, generally known as 'flyers.'

"We will tell the story: The steamship ——— discharged into warehouse No. 4 of the port docks several packages containing fire extinguishers, from New York, bearing the marks of the bankrupt ———.

"The clearance was effected by the already celebrated ex-customs broker ———, and signed by ———. This entry, No. 1116, instead of fire extinguishers, which would be required to pay Rs. 11,000\$000 in duties, declared 'manufactures of zinc' to the extent of Rs. 1,500\$000 [\$364.50 United States currency] in duties. The merchandise was released from the warehouse and the fortunate owners paid only Rs. 1,500\$000.

"The bankruptcy of the ——— intervened and the customs broker ———, already dismissed from the customs service, endeavored to obtain money from the firm by presenting the said triplicate copy of the clearance in question.

"The original and duplicate had already 'flown.'

"——— went to the customhouse files in order to extract the triplicate.

"The man in charge of the archive, however, becoming suspicious at the interest displayed in connection with a clearance already effected, called the matter to the attention of the head of the first section.

"The latter took possession of the triplicate copy and informed the collector of the port who caused an investigation to be made in order to bring the wrongdoers to justice."

The following is another clipping referring to the same subject which appeared in "A Epoca," Rio de Janeiro, December 18, 1915:

"THE CUSTOMS ARCHIVES ABOUT TO BE ROBBED.

"The British steamship ———, arriving from New York, discharged into warehouse No. 4 of the port docks several packages, marked ———, containing fire extinguishers.

"These packages were fraudulently cleared paying only Rs. 1,500\$000 [\$364.50 United States currency] when the legitimate duties thereon amounted to Rs. 11,000\$000 [\$2,673 United States currency].

"The ——— ex-customs broker, ———, attempted yesterday, for some unknown reason, to extract the triplicate copy of the clearance papers from the customhouse archives, in which attempt he was not successful in view of the peremptory refusal of the man in charge who frustrated ——— pretensions and communicated the fact to the head of the first section. The latter immediately took possession of the document in question and called the matter to the attention of the collector of the port."

Section 14. Valuation.

Under the guise of a system of official valuation almost all the rates of duty in the Brazilian tariff are specific. For this reason Brazil has no well-established method by which the value of goods is determined. A number of commodities, however, do pay at true ad valorem rates, and "blanket" paragraphs in the law almost invariably fix an ad valorem duty on goods falling within their terms.¹ The provisions of the Brazilian law relating to valuation are here given.²

ART. XIV. The amount on which ad valorem duties are levied shall be the cost in the export market, to which shall be added all expenses subsequent to purchase, such as export dues, freights, insurance, commission, etc., incurred until goods reach the Brazilian port of discharge. In the absence of this information, or when the amount so indicated is deemed prejudicial to the national treasury, it shall be fixed at the gross or wholesale price of such articles in the market of importation, minus the amount of duties applicable, plus 10 per cent of the remainder.

Nevertheless, the duties on manufactures, clothing, or textiles figured, embroidered, or trimmed, subject to ad valorem rates, shall never be inferior to those provided in the tariff for the same articles not figured, embroidered, or trimmed.

ART. XV. For the clearance of goods dutiable ad valorem, as well as for any other clearance, the filing of the respective consular invoices duly authenticated by the Brazilian consul at place of origin and certifying correctness of declared value shall be obligatory, which shall be calculated at 12 pence [\$0.243 United States currency] per milreis (1\$000) rate of exchange.

In the case of false declaration, or should it be evident that the invoice filed does not state the true value of the goods, a fine equal to treble the ascertained value shall be imposed on the owner, after the party in interest, should he so desire, has exhausted the recourses permitted under article 511 of the Consolidated Customs Laws.³

A leading despachante (customs broker) of Rio de Janeiro, in his unpublished report of December 26, 1915, to the Federal Trade Commission, states in this connection:

This penalty is rarely imposed, owing to difficulties in the way of the examiner [conferente] knowing the exact price at which merchandise was purchased in a foreign market, and might give rise to vexations and difficulties not easy to remedy even when the honor of persons is attacked by measures less just.

The Brazilian law has these further provisions relating to valuation:²

ART. XVI. The examiner shall verify, by such means as lie within his power, the exactness of values declared in the entry; to this end he shall consider the invoices referred to in the preceding article, and in the absence of these, other authentic documents relating to the goods submitted for clearance. Examination of these documents should be effected with the necessary reserve, and when the exact value of the goods can not be verified by these means, he shall adopt the value in the import market, as defined in Article XIV.

ART. XVII. If the examiner does not agree with the value declared by the importer, or if the importer does not accept that fixed by the examiner, the procedure indicated in article 511 of the Consolidated Customs Laws shall be followed.³

Par. 1. If the value estimated by the arbiters does not exceed by 5 per cent that declared by the importer, duties shall be collected on basis of value entered by him.

¹ See p. 33.

² Preliminary Dispositions of Brazilian Tariff.

³ See Appeals, p. 54.

Par. 2. If the value found by arbiters exceeds by 50 per cent that declared by importer, he shall pay the treasury, besides the duties, a fine of 50 per cent based on said duties.

* * * Voluntary appeal by the importer shall lie from decision of the arbiters, and he may, in any case, reexport the goods from the Republic, within the time fixed by the inspector [collector of customs] after payment of fines that may have been incurred.¹

The despachante previously quoted states further:

With reference to ad valorem clearances, if the examiner finds that the value of merchandise declared in the entry does not correspond to the true value, he determines the market price in accordance with Article XVI, Preliminary Dispositions of the Tariff, and in such case an administrative fine varying from 1.5 per cent to 5 per cent of the difference in value found is imposed, provided that the owner of the goods accepts the increase established.

While no direct authority for this course is cited, paragraph 2 of article 477, Consolidated Customs Laws, might sanction the practice indicated.

In practice these provisions of the law are not an effective check on undervaluation. The examiners in the Brazilian customhouses do not pretend to be competent appraisers. As a rule the ad valorem duties in the tariff are on commodities the value of which it is difficult to verify. The value declared in the consular invoice and certified to by the Brazilian consul at the port of origin, presents the problem, but does not solve it; the question is: Is that declared value correct? In his effort to determine the true value of goods the examiner (conferente) may call for the manufacturer's invoice in order to use it as a check on the declared value in the consular invoice and he can enforce its production by refusing to dispatch or clear the goods, i. e., to permit them to leave the customhouse. This effort to verify values, however, is foiled by many importers through causing the exporter to make out in addition to the real manufacturer's invoice a false invoice corresponding to the consular document. If, then, the conferente calls for the manufacturer's invoice this false evidence is produced in support of entered values.

While it would not be fair to say that undervaluation is universal in the case of importations into Brazil on which ad valorem duties are charged, it is true that it is very general. In some circles it is freely admitted to be one of the recognized ways of avoiding the payment of high duties. Obviously a house which consistently undervalues has a competitive advantage over the house which declares the values found in the manufacturer's invoice. The policy of the Brazilian Government is to reduce the number of items subject to ad valorem rates in the tariff.

Article 14, Preliminary Dispositions of the Brazilian Tariff, provides for the inclusion of freight charges up to the port of discharge

¹ Consolidated Customs Laws, Art. 511, par. 4.

in arriving at the value on which straight ad valorem duties are levied. Though it was not possible to ascertain to what extent the customs revenue of Brazil is derived from ad valorem provisions, it should not be forgotten that this stipulation is an unconscious discrimination against producing countries whose freight rates to Brazilian markets are higher than those of their competitors. In this connection attention is called to schedule XXXIV, "machines, apparatus, tools, and miscellaneous utensils," embracing, with others, heavy or cumbersome manufactures largely shipped by American exporters, and to the fact that a number of straight ad valorem rates are found in this schedule.

Section 15. Classification.

The uncertainties and anomalies of classification under the Brazilian tariff act are most serious obstacles to honest trade. Nothing but a thorough scientific revision of the law will remedy this evil. In some form or other it exists in the majority of the paragraphs of the law.

The trader who imports goods into Brazil can not regulate his business with certainty unless he knows what duties he is to pay. As a rule honest traders say that they do not care what the tariff is as long as it is certain and as long as it is the same for all. The Brazilian tariff places a premium on speculation and makes cost accounting uncertain. An importer may make out his declaration under one paragraph but have the duty levied under an entirely different one. Even where everything has been done in the way of making out the consular invoice, packing the goods as required by the law, etc., the examiner (conferente) may return the goods at a different rate of duty. Many of the paragraphs of the law have a "not otherwise specified" clause and they are constantly used in classification.

Difference in classification more frequently happens between different ports. They are often because of honest differences of opinion between examiners. For example, an American house imported certain paint through the port of Rio de Janeiro and paid a duty of 100 reis per kilogram. About the same time it imported exactly the same paint through the port of Santos and the examiner levied a duty of one milreis per kilogram or ten times as much as had been charged at the port of Rio de Janeiro. An appeal was taken to the minister of finance, but the higher duty was held to be applicable.

Clever importers can and do profit by the uncertainties of classification under the tariff. The importer who understands the tariff may instruct the exporter how to make out his consular invoice, how to pack his goods, even how to manufacture them so far as weight is concerned in order to pass them into Brazil under a classification paying the lower rate of duty. How to classify goods is a part of

the business of importing goods into Brazil. In some cases it is a trade secret. Importers are not willing to reveal how they get their goods in. Undoubtedly the uncertainty in classification is a serious obstacle to the development of trade in Brazil and if the American exporter is to succeed in this market he must understand the methods of classifying his goods most advantageously.

Deficient specification and nomenclature under the Brazilian tariff has shut out entirely from the Brazilian market certain classes of inexpensive goods. Not infrequently this has fallen heavily on American manufacturers, who produce inexpensive goods, such as nickel watches, canned goods, etc.¹

Under any tariff law questions of classification are certain to arise. In Brazil, however, the usual difficulties have expanded into a serious evil. In making out the entry the importer, or rather his despachante declares within the limits that safety permits naturally the classification which calls for the lower duty. The tendency of the examiner is to accept the classification entered by the broker. The way in which goods are described often determines their dutiable return, and there is much opportunity for improper classification of goods. The following is given upon good authority as a case illustrating the elasticity of Brazilian tariff provisions:

Boric acid might be entered under any of three headings of the tariff: "Acido borico, crystallizado, em palhetas ou em po," "pastilhas e pastas medicinaes de qualquer qualidade," or "pastilhas comprimidas ou fundidas, tabloides de qualquer qualidade." The first pays a duty of 250 reis per kilo, razão 25 per cent; the second, 3\$200 per kilo, razão 40 per cent; and the third, 4\$000 per kilo, razão 40 per cent. In a recent case, a shipment of compressed boric acid tablets which clearly belonged under the third heading was entered as boric acid "em palhetas."

Section 16. Abandonment and sale of abandoned or unclaimed goods.

Merchandise in the Brazilian customhouse not claimed by its owners within six months after its discharge is considered abandoned. It is then included in the list of abandoned goods published in the *Diario Official* (Official Gazette), in which the packages are described and the owners requested to withdraw the same within 30 days. Upon the expiration of this period they are considered entered for consumption, a commission is appointed to open the packages and classify contents, and notice of first public auction is then given. If at the first auction an amount greater than their official (tariff) value is not bid, the packages are stored in warehouse. The goods are again advertised and offered for sale at a second auction. At this sale the law likewise requires that the goods must bring an amount equal to the official value. If this amount is not realized, a third and final sale is advertised at the customhouse door. At this sale goods are knocked down to highest bidder without regard to official

¹ See p. 45.

value, but the officer presiding at the auction may, should he deem bids offered for some of the lots prejudicial to the Treasury, withdraw them from sale. When sale is effected, and the successful bidder has deposited 20 per cent of his bid, the corresponding form of auction statement is coursed through the auction division, and after payment of balance of bid has been covered into cashier's office, together with auctioneer's commission, the statement is sent to examiner on duty at warehouse where goods are stored, for delivery of goods upon receipt signed by purchaser.¹

If inflammable and similar goods abandoned do not realize customs duties and other charges upon auction sale, the deficit is a charge against responsible owner or consignee.²

If lithographs and printed matter described in paragraph 610 of the tariff, when abandoned, do not bring amount of customs duties upon auction sale, they are withdrawn from sale and destroyed.

Section 17. Protection and industries.

Tariff protection.—The protectionist sentiment in Brazil is very strong. There is no political party or influential body of persons in the country which is opposed to protection. The rates of duty in the tariff are a wall intended to protect domestic industry. No statement is more misleading than the one frequently heard in the United States of America that the sole object of South American tariffs is to raise revenue. In Brazil and elsewhere nascent industries are fostered and favored, and duties are adjusted to suit the interests of him who wishes to make a venture into the field of national industry. The duties on pianos furnish a good example of the extent to which Brazilian legislators go in protecting industry. These duties are very high. They protect one piano factory at Curitiba—the only piano factory in Brazil. This so-called factory is located in a building previously used for a dwelling, and at best it can not build more than 10 or 12 pianos at a time. There are other cases of this kind.

It is difficult to make clear the exact nature of the ultraprotection of Brazil. It is one phase of that recognized practice of the Government helping the individual. Industries which hardly exist at all are protected by prohibitive duties. Sericulture is scarcely known in Brazil. Yet very high duties are levied on silk goods to protect a few mills that do not pretend to supply the domestic market. There are few sheep in Brazil. Yet high duties are maintained on woolen goods in order that a small domestic industry may continue to exist.

Assembling industries.—A few examples will illustrate another form of protection. There is a high duty on umbrellas and a lower duty on the component parts of umbrellas. The national umbrella

¹ Express abandonment may be made in writing by owners of goods. (Par. 1, art. 255, Consolidated Customs Laws.)

² Art. 261, Consolidated Customs Laws.

industry of Brazil consists of assembling the respective parts of the umbrellas, much to the profit of the manufacturer. The production of matches is extensive, having an annual value of approximately \$6,039,000. (See Table 1, p. 64.) Although Brazil has Paraná pine which might be used in this industry, the wood is imported, prepared, from Norway. The phosphorus is also imported so that the national industry consists of dipping the wood into the phosphorus.

The manufacture of flour has grown until its annual production is approximately \$16,173,000. (See Table 1, p. 64.) Brazil, however, produces no wheat. The millers import their wheat from Argentina. They sell their product at high prices which the tariff enables them to maintain. These manufacturers and Argentina flour interests are bitterly opposed to the 30 per cent preferential given by the Brazilian Government to American flour. They try each year to prevent its reenactment in the annual budget.

Protection measured by razão.—While the razão of the Brazilian tariff no longer, if it ever did, measures the ad valorem equivalent of the specific duties in the Brazilian tariff, it is entirely safe to say that the actual duties, if reduced to a percentage of current c. i. f. values, would be greater than the razão. Dr. Manoel Jansen Muller, the well-known authority on the Brazilian tariff already referred to, said that wherever the razão exceeded 40 per cent the rate represented ample protection. There are 2,839 items in the Brazilian tariff; 2,015 of these items have a razão of 40 per cent or over. There are 51 items with a 40 per cent razão; 1,505 items with a 50 per cent razão; 439 items with a 60 per cent razão; 18 items with an 80 per cent razão; and 2 items with a 100 per cent razão.

Brazil has some substantial domestic industries and American exporters will find the competition furnished by them a real factor in Brazilian trade. Statistics on the extent of these industries are very hard to obtain. No census of production has been taken. Through the activities of our able commercial attaché, Prof. Lincoln Hutchinson, however, some statistics have been gathered which are highly instructive. These have been summarized in the following table. Prof. Hutchinson warns the reader against accepting these data as anything other than approximations, since they were gathered in some cases from sources which were not entirely reliable.

TABLE 1.—BRAZILIAN MANUFACTURES.

Industry.	Number of establishments.	Approximate annual value of product.	Approximate aggregate capital.	Average value of imports.	Approximate aggregate number of employees.	Brazilian State of chief production.
Wine.....	104	\$1,623,000	\$956,000	\$11,183,000	1,316	Rio Grande do Sul.
Butter and cheese.	133	2,333,000	1,000,000	2,557,000	981	Santa Catharina, Paraná, Rio de Janeiro and Federal District, Minas, São Paulo.
Pastry.....	87	1,299,000	867,000	97,000	683	Rio Grande do Sul, São Paulo, Rio de Janeiro.
Mineral waters and spirits.	145	3,071,000	2,210,000	1,133,000	1,655	Rio Grande do Sul, Paraná, Minas, São Paulo, Rio de Janeiro.
Cravats.....	11	773,000	334,000	51,000	689	Rio de Janeiro, São Paulo, Rio Grande do Sul.
Stone (quarries)...	21	1,103,000	621,000	582,000	699	Many centers.
Saddles and harnesses.	40	1,970,000	839,000	66,000	1,309	Rio Grande do Sul, Rio de Janeiro, São Paulo, Paraná.
Confectionery, chocolate, etc.	40	1,403,000	683,000	97,000	1,203	Rio Grande do Sul, Paraná, São Paulo, Rio de Janeiro, Bahia.
Furniture, etc.....	85	4,916,000	2,011,000	730,000	2,845	Rio Grande do Sul, Rio de Janeiro, São Paulo, Santa Catharina, Paraná, Bahia, Pernambuco.
Boots and shoes...	119	19,044,000	3,372,000	434,000	7,379	(1)
Tanned hides.....	108	5,030,000	3,162,000	728,000	1,967	Rio de Janeiro, São Paulo, Rio Grande do Sul, Minas Geraes.
Preserves.....	18	927,000	682,000	2,221,000	606	(2)
Lard.....	34	4,485,000	1,450,000	129,000	587	Rio Grande do Sul, Paraná, São Paulo.
Soap and tallow candles.	91	7,347,000	5,049,000	307,000	1,763	(2)
Hats.....	83	9,892,000	3,938,000	773,000	3,268	(4)
Beer.....	186	7,562,000	9,185,000	243,000	2,942	Rio de Janeiro, Para, Rio Grande do Sul, Minas, São Paulo, Amazonas.
Flour.....	100	16,173,000	5,472,000	10,943,000	1,499	Rio de Janeiro, São Paulo.
Oils and resins (chiefly cottonseed oil).	20	1,559,000	1,130,000	3,931,000	532	Bahia, Pernambuco, Alagoas, Ceará.
Xarque (dried beef).	26	12,293,000	2,092,000	4,829,000	3,782	Rio Grande do Sul.
Paper and cardboard.	23	1,869,000	2,226,000	2,333,000	834	São Paulo, Rio de Janeiro, Pernambuco.
Cordage.....	7	854,000	838,000	331,000	586	São Paulo.
Cement and lime..	36	1,707,000	3,753,000	4,189,000	1,027	Paraná, São Paulo, Rio de Janeiro.
Glass.....	7	1,219,000	992,000	2,322,000	1,328	São Paulo, Rio de Janeiro, Pernambuco, Paraná.
Underclothing....	31	2,100,000	1,050,000	1,443,000	2,218	Rio de Janeiro, São Paulo, Rio Grande do Sul.
Tobacco.....	104	10,707,000	4,317,000	332,000	7,407	(5)
Iron and foundry work.	192	13,025,000	8,237,000	69,307,000	7,362	Rio de Janeiro, São Paulo, Bahia, Rio Grande do Sul, Pernambuco.
Herva Matte.....	44	8,024,000	4,750,000	None.	4,975	Paraná, Santa Catharina, Rio Grande do Sul.
Sugar.....	199	22,653,000	24,687,000	16,000	13,136	Pernambuco, Bahia, Alagoas, Sergipe, Rio Grande do Norte, etc.
Matches.....	18	6,039,000	5,700,000	1,300	4,000	(6)
Ceramic products.	179	3,958,000	3,516,000	3,186,000	2,553	Rio de Janeiro, São Paulo, Paraná, etc.
Sawmills and carpenter work.	197	14,466,000	4,829,000	2,636,000	3,766	Paraná, Santa Catharina.
Naval construction.	17	2,592,000	738,000	4,219,000	3,622	Rio de Janeiro and other ports.
Salt.....	53	3,589,000	3,154,000	651,000	2,146	Rio Grande do Norte, Rio de Janeiro, Bahia.
Cotton mills.....	161	78,143,000	45,009,000	22,765,000	45,942	(7)
Woolen goods.....	15	3,792,000	4,949,000	3,931,000	1,957	Rio de Janeiro, São Paulo, Rio Grande do Sul.

NOTE.—Footnotes on facing page.

It should be noted that many of the industries mentioned in Table 1 follow closely upon the natural resources of the country. Among these are wine, butter and cheese, stone, tanned hides, lard, candles, xarque (jerked beef), tobacco, herva matte, and others.

The forests of Brazil are unlimited. Some progress has been made in the cutting of Paraná pine. Excellent machinery is employed in some of the sawmills.

It is natural to find in a State like Rio Grande do Sul industries which are the accompaniment of cattle raising. In the southern States of Brazil substantial beginnings have been made in the production of leather, saddles and harness, xarque, and frozen beef. The boot and shoe industry has become so extensive that it practically supplies the domestic market. It centers chiefly in Rio de Janeiro and São Paulo.

The manufacture of the cheaper grades of cotton textiles is well developed in Brazil. The annual production approximates \$78,143,000. Raw cotton can be raised successfully in Brazil. Cotton goods are taxed in the tariff with a very high duty.

Coal is scarce in Brazil. Some deposits of poor coal are worked, but that which is used is generally imported. Many of the industries are operated by hydroelectric power.

Comments of Sr. M. Jansen Muller.—The following digest of a part of a report made by Sr. M. Jansen Muller will tend to confirm the statements made above about the nature of the Brazilian tariff law and its protective features.⁸

	Per cent.		Per cent.
¹ Rio de Janeiro and Federal District.....	54.2	⁵ Rio de Janeiro and Federal District.....	29.7
São Paulo.....	26.0	Bahia.....	29.1
Rio Grande do Sul.....	8.3	Rio Grande do Sul.....	11.2
Minas Geraes.....	4.4	Amazonas.....	9.0
Bahia.....	2.6	Pernambuco.....	6.5
Pernambuco.....	2.1	Minas Geraes.....	3.0
	97.6		88.5
² Rio de Janeiro and Federal District.....	36.7	⁶ Rio de Janeiro and Federal District.....	40.0
Rio Grande do Sul.....	25.7	Paraná.....	32.5
Pernambuco.....	16.1	São Paulo.....	15.7
São Paulo.....	7.9	Rio Grande do Sul.....	4.7
Matto Grosso.....	7.2	Pernambuco.....	3.8
	93.6	Santa Catharina.....	2.4
			99.1
³ Rio de Janeiro and Federal District.....	52.0	⁷ All textiles:	
Pernambuco.....	12.2	Rio de Janeiro and Federal District.....	43.4
Rio Grande do Sul.....	7.1	São Paulo.....	26.5
São Paulo.....	3.6	Minas Geraes.....	6.5
Minas Geraes.....	2.9	Bahia.....	5.2
	87.8	Pernambuco.....	5.0
		Rio Grande do Sul.....	4.4
⁴ Rio de Janeiro and Federal District.....	53.7	Maranhão.....	2.4
São Paulo.....	26.4	Alagoas.....	2.0
Rio Grande do Sul.....	13.3	Sergipe.....	1.6
Bahia.....	3.3	Ceará.....	1.0
Pernambuco.....	1.4		98.0
	98.1		

⁸ This digest extends to p. 73. It is extracted from a report of Manoel Jansen Muller, "Tarifa Alfandegária do Brazil," Journal de Economia Política, Vol. II, No. 4.

This report was made as an outcome of Sr. Muller's mission to France in 1913, connected with the study of tariff systems, and it is likely that Sr. Muller will have a prominent share in any contemplated revision of the Brazilian customs tariff.¹ To illustrate percentages of a given value at that time, collected by different countries upon imported goods, Sr. Muller has selected the tariffs of several admittedly protectionist countries for purposes of comparison with the law of Brazil, in order to bring into sharper relief the prohibitive nature of certain Brazilian tariff provisions. The American tariff rates used by Sr. Muller are those in the tariff act of August 5, 1909, known as the Payne-Aldrich Tariff Act. While the Brazilian paper milreis has fluctuated widely since the date of Sr. Muller's report, being then worth about \$0.324 United States currency, his calculations and deductions are none the less valuable for comparative purposes.

Payment of duties in gold and paper.—Although the recent decline in value of paper milreis from par has tended to reduce the liquidated amount in duties on articles formerly paying 35 per cent in gold and 65 per cent in paper, this has been partially compensated by the new law requiring collection of duties at 40 per cent in gold and 60 per cent in paper.² On articles formerly paying 50 per cent in gold and 50 per cent in paper (hair felt hats, shoes, lard, butter, cheese, preserved fruits, hulled rice, crackers, biscuits, macaroni or soup paste, and beer, of those discussed by Sr. Muller) and on which 40 per cent in gold and 60 per cent paper now is collected, this modification, as well as decline of value in the currency, obviously has reduced duties in terms of gold, but not to an extent that would seriously disturb the importance of comparisons instituted by him, in considering the general tariff situation in Brazil.

Dr. Muller's comparisons of percentages.—Sr. Muller's analysis and comparison of percentages are given below. In arriving at these he has in most instances based his calculation on export values adopted by the Permanent Commission on Customs Valuations of France, as typical and average in the year preceding his report. It must be borne in mind that all of the examples are comparative only, and endeavor rather to contrast the tariff theory in the countries mentioned than to indicate the exact percentages of duty collected on correct market values. Argentine surtaxes are not included by him in discussing percentages, but the figures given for Argentina are not without interest in relation to the general subject of protection in South America.³

¹ Under Law No. 3070-A, Dec. 31, 1915, Art. II, Sec. XIII, the President of Brazil is authorized to have drafted a project of tariff revision, which shall so far as possible substantiate amendments to the tariff now existing, and is directed to submit this opportunely to the legislative branch of the Government.

² See p. 45.

³ See pp. 26, 121.

Schedule 2:

Hair felt hats; value, 4.30 francs (\$0.83 United States currency) each:	Per cent.
Argentina.....	116.2
United States.....	70.5
Germany.....	29.4
France.....	23.3
Brazil.....	332.9

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Schedule 3:

Leather shoes, more than 22 cm. in length; value, 15 francs (\$2.89 United States currency) per pair:

Argentina.....	40.0
United States.....	10.4
Germany.....	16.7
France.....	13.4
Brazil.....	115.4

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Schedule 4:

Lard of pork; value, 1.45 francs (\$0.28 United States currency) per kilo—

Argentina.....	27.6
United States.....	11.7
Germany.....	10.8
France.....	20.7
Brazil.....	46.2

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Or taking the Argentine official valuation of 20 centavos per kilo (\$0.193 United States currency) he gives the following comparative percentages on lard of pork—

Argentina.....	40.0
United States.....	17.0
Germany.....	15.7
France.....	30.0
Brazil.....	67.0

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Condensed milk; value, 0.90 francs (\$0.174 United States currency) per kilo—

Argentina.....	39.0
United States.....	25.6
Germany.....	83.3
France.....	37.0
Brazil.....	114.8

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Butter; value, 3.05 francs (\$0.59 United States currency) per kilo—

Argentina.....	16.4
United States.....	22.3
Germany.....	12.3
France.....	10.0
Brazil.....	109.8

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Schedule 4—Continued.

Cheese; value, 2.30 francs (\$0.444 United States currency) per kilo—		Per cent.
Argentina.....		43.5
United States.....		29.4
Germany.....		17.8
France.....		15.3
Brazil.....		116.3

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Hams; value, 1.950 francs (\$0.376 United States currency) per kilo—		
Argentina.....		64.1
United States.....		23.6
Germany.....		46.2
France.....		18.0
Brazil.....		127.1

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Or taking the Argentine official valuation of ₧0.50 per kilo (\$0.482 United States currency) he gives the following comparative percentages on ham—

Argentina.....	50.0
United States.....	36.0
Germany.....	18.4
France.....	14.0
Brazil.....	99.2

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Stearic candles; value (\$0.275 United States currency) per kilo—		
Argentina.....		35.3
United States.....		21.2
Germany.....		20.4
France.....		11.3
Brazil.....		175.0

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Or taking the Argentine official valuation of ₧0.30 per kilo (\$0.29 United States currency) he gives the following comparative percentages on stearic candles—

Argentina.....	33.3
United States.....	20.0
Germany.....	19.2
France.....	10.7
Brazil.....	165.3

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Schedule 5:

Combs of horn, bone, etc.; value, 18 francs (\$3.47 United States currency) per kilo—

Argentina.....	20.8
United States.....	41.7
Germany.....	2.1
France.....	8.4
Brazil.....	68.9

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Schedule 5—Continued.

Combs of horn, bone, etc.—Continued.

Or taking the Argentine official valuation of ₧3 per kilo (\$2.89 United States currency), he gives the following comparative percentages on the same combs—

	Per cent.
Argentina.....	25.0
United States.....	50.0
Germany.....	2.5
France.....	10.0
Brazil.....	82.6

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Schedule 6:

Dried or desiccated fruits (United States preferential not considered); value (on comparative basis of Argentine official valuation only) (\$0.193 United States currency) per kilo—

Argentina.....	25.0
United States.....	23.0
Germany.....	20.5
France.....	12.0
Brazil.....	82.6

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Preserved fruits; value, 1 franc (\$0.193 United States currency) per kilo—

Argentina.....	125.0
United States.....	89.7
Germany.....	87.5
France.....	15.5
Brazil.....	268.0

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Or taking the Argentine official valuation of ₧0.45 per kilo, he gives the following comparative percentages on preserved fruits—

Argentina.....	55.5
United States.....	39.9
Germany.....	38.9
France.....	6.9
Brazil.....	119.1

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Schedule 7:

Hulled rice; value (\$0.0772 United States currency) per kilo (comparative basis on Argentine official valuation of ₧0.08 per kilo only)—

Argentina.....	36.4
United States.....	83.6
Germany.....	27.3
France.....	29.1
Brazil.....	129.6

(The Brazilian razão or nominal equivalent of duties is 15 per cent of the official valuation.)

Biscuits, crackers, etc.; value (\$0.23 United States currency) per kilo—

Argentina.....	62.5
United States.....	46.3
Germany.....	62.5

Schedule 7—Continued.

Biscuits, crackers, etc.—Continued.

	Per cent.
France.....	25.0
Brazil.....	186.0
(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)	
Or taking the Argentine official valuation (\$0.29 United States currency) per kilo—	
Argentina.....	50.0
United States.....	37.0
Germany.....	50.0
France.....	20.0
Brazil.....	148.8
(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)	

Macaroni, vermicelli, and soup pastes; value (\$0.107 United States currency) per kilo—

Argentina.....	135.1
United States.....	30.6
Germany.....	56.5
France.....	28.7
Brazil.....	241.4
(The Brazilian razão or nominal equivalent of duties is 40 per cent of the official valuation.)	

Schedule 8:

Tea; value (\$0.75 United States currency) per kilo—

Argentina.....	25.6
United States.....	Free.
Germany.....	8.0
France.....	53.0
Brazil.....	158.9

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Or taking the Argentine official valuation (\$0.58 United States currency) per kilo:

Argentina.....	33.3
United States.....	Free.
Germany.....	10.4
France.....	68.8
Brazil.....	206.6

(The Brazilian razão or nominal equivalent of duties is 50 per cent of the official valuation.)

Brazilian production of yerba mate (Paraguayan tea) may account partly for this excessive rate on tea.

Schedule 9:

Refined sugar; value (\$0.0772 United States currency) per kilo (on comparative basis of Argentine official valuation only)—

Argentina.....	112.5
United States.....	54.1
Germany.....	125.0
France.....	82.5
Brazil.....	206.6

(The Brazilian razão or nominal equivalent of duties is 80 per cent of the official valuation.)

Schedule 9—Continued.

Refined sugar—Continued.

Before Brazil became signatory to the Brussels Convention the Brazilian percentage was 400 per cent on refined sugar, same valuation basis.

Bottled beer; value (\$0.0772 United States currency) per kilo—	Per cent.
Argentina.....	95.8
United States.....	87.5
Germany.....	18.7
France.....	34.4
Brazil.....	837.5

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Or taking the Argentine official valuation (\$0.15 United States currency) per bottle (about \$0.112 United States currency per kilo, gross weight)—

Argentina.....	66.6
United States.....	60.8
Germany.....	13.0
France.....	24.6
Brazil.....	582.6

(The Brazilian razão or nominal equivalent of duties is 60 per cent of the official valuation.)

Sr. Muller comments forcefully on the degree of protection given by Germany (18.7 per cent or 13 per cent, according to the valuation basis selected) to its great brewing interests, contrasted with the percentages of 582.6 per cent and 837.5 per cent, respectively, that the Brazilian tariff imposes. He shows that on certain brands, "Drei Lilien," for example, this percentage runs as high as 1,026 per cent. Contrasting protection on the brewed product, with comparatively low percentage collected on the malt and hops, he reaches the natural conclusion that Brazilian revenues suffer loss both through the prohibitive duties on beer and the nominal duties on raw materials for its manufacture, and shows that both the United States and Germany, respecting malt, and the United States, Germany, and France on hops, all great beer-producing countries, while not approaching within measurable distance of Brazil's protective percentage on beer, yet collect higher rates on the raw materials than does Brazil (both examples follow). Manifestly the relatively low Brazilian duties on malt and hops operate further to "protect" Brazilian breweries.

Schedule 7:

Malt; value, \$0.0482 United States currency per kilo (on comparative basis of Argentine official valuation only)—

	Per cent.
Argentina.....	10.0
United States.....	63.4
Germany.....	51.4
France.....	16.0
Brazil.....	33.4

Schedule 8:

Hops; value, \$0.482 United States currency per kilo (on comparative basis of Argentine official valuation only)—

	Per cent.
Argentina.....	5.0
United States.....	72.6
Germany.....	35.0
France.....	14.0
Brazil.....	12.4

Schedule 10:

Shoe blacking; value, \$0.164 United States currency per kilo—

Argentina.....	25.0
United States.....	25.0
Germany.....	16.6
France.....	5.0
Brazil.....	125.4

Lead writing pencils; value, \$1.447 United States currency per kilo—

Argentina.....	16.6
United States.....	47.7
Germany.....	6.6
France.....	27.5
Brazil.....	82.6

Writing inks (Brazilian percentage based on average rates collected on different classes of writing inks); value, \$0.23 United States currency per kilo—

Argentina.....	6.3
United States.....	25.0
Germany.....	3.4
France.....	10.0
Brazil.....	93.0

Or taking the Argentine official valuation of \$0.0965 per kilo—

Argentina.....	25.0
United States.....	25.0
Germany.....	13.4
France.....	40.0
Brazil.....	372.0

Referring to Schedule 11, of the Brazilian tariff (chemical products, drugs, and pharmaceutical supplies) Sr. M. Jansen Muller directs attention to the fact that of over 400 rates in this schedule 230 are based on the theoretical percentage of 50 per cent, 38 on that of 40 per cent, 26 on 30 per cent, 103 on 25 per cent, 11 on 20 per cent, 12 on 15 per cent, and 1 on 60 per cent, and that upon liquidation of these, even assuming official valuation to be approximately correct, these percentages as to nearly all of the paragraphs are materially increased through the artificial means of collecting part of duties in gold and part in paper milreis. Contrast is then offered respecting the Argentine tariff, which, with over 900 rates on the same generic class of articles officially valued at less than by Brazil in the great majority of instances, establishes the percentage of 25 per cent in over 900 paragraphs. In his report he makes the statement that the Brazilian customs import tariff is the highest in the world, and this is borne out by a test of its provisions. Following a general discus-

sion of this schedule, Brazilian effective percentages of 391.6 per cent on mineral water, 127.6 per cent and 198.5 per cent on medicinal capsules, and of 232.5 per cent on medicinal pills and granules are shown.

Discussing schedule 13, bamboo, rushes, rattan, osiers, etc., he limits himself to a comparison of the theoretical percentage of Argentina, 25 per cent; of United States percentages of 10 per cent, 15 per cent, 20 per cent, 25 per cent, and 45 per cent, and contrasts these with the Brazilian percentage of 50 per cent for all except one item, and observes that this is effectively increased even on official valuations by the system of part payment of duties in gold and part in paper milreis.

Referring to schedule 14 of the Brazilian tariff effective percentages of 208.2 per cent, 161.2 per cent, and 184 per cent on straw hats, and of 129.1 per cent and 187.8 per cent on cordage are shown.

Similar demonstrations could be continued indefinitely, but enough have been offered to establish fairly the practical effects of Brazilian customs taxation. It must be remembered that charges other than customs duties, though collected by Brazilian custom house, have not been considered in arriving at percentages.

Percentage of duties collected.—Brazil, of course, has a free list. Examples given here and in section 8 of this chapter tend to show inordinately high percentages of duty collected on c. i. f. values or even official valuations approximating these in other countries. Conceding a reasonable c. i. f. valuation, which is the basis adopted for Brazilian statistical returns on import values, for articles imported free of duty, for articles taxed at reasonable *razões* (ratios), and including their value with that of annual dutiable imports, it would naturally be expected that the percentage of duty collected in proportion to total annual import values would be relatively high. Still unpublished and authoritative statistics prepared late in 1915 indicate that the total customs revenues bear the relation given below to the total c. i. f. import values during the periods discussed. Both are taken from conversion of the figures to paper milreis at their average value in these periods, and the percentages indicated are difficult to explain. Collections represented these percentages:

	Per cent.		Per cent.
1901.....	39.38	1909.....	39.04
1902.....	42.46	1910.....	40.64
1903.....	41.86	1911.....	40.06
1904.....	40.99	1912.....	36.92
1905.....	48.28	1913.....	34.35
1906.....	47.93	1914.....	34.36
1907.....	44.19	First 8 months of 1915.....	26.07
1908.....	41.51		

Section 18. Brazilian trade.

Imports.—Since tariff laws affect so vitally the movements of trade the general import and export statistics for the South American countries discussed in this report are given in Exhibit I.¹ Table 1 of this exhibit shows the imports by classes and countries of origin of the chief commodities of commerce into Brazil. The total imports for 1912 were valued at \$308,662,000. Of this amount \$77,721,000 came from Great Britain, \$53,090,000 from Germany, \$48,175,000 from the United States, \$27,788,000 from France, \$16,615,000 from Belgium, \$12,112,000 from Italy, and the remainder from other countries. As will appear from the table these importations include a wide variety of raw material and manufactured and semimanufactured articles.

Exports.—Tables 2 and 3 of Exhibit I show the exports of Brazil by countries of destination. In 1912 the total value of the exports was \$363,287,000. In order of the quantity received the countries of destination were: The United States, Germany, Great Britain, France, Belgium, and Italy.

Coffee and rubber are the great exports of Brazil, and the United States is their chief market. In 1912 the United States took 673,644,000 pounds of coffee out of a total exportation of 1,597,950,000 pounds and 47,007,000 pounds of rubber out of a total exportation of 93,225,000 pounds. Both coffee and rubber are admitted free to the markets of the United States. Brazil appreciates this advantage and it is one of the bonds which binds that country to the United States.

The coffee and rubber industries are at the same time the source of the economic strength and of the economic weakness of Brazil. They are undoubtedly the great source of wealth, but when there is overproduction the reaction upon the country is serious. In São Paulo the Government has restricted the area which can be planted in coffee. Some years ago, in order to save the country from financial distress, it put in operation an elaborate valorization scheme which prevented the decline in the price of coffee. The war has enabled it to sell a large part of the stock which it purchased.² No plan similar to the coffee valorization has been devised for the protection of the rubber industry. The competition from the East Indies is a serious menace to this industry.

¹ See p. 227.

² A Government "Relatorio" published at São Paulo in 1915 says, on page 103:

"The sale of the stocks of coffee of the valorization project, in Germany, commenced on the 17th of November of 1914. We can not as yet furnish positive statistics as to these operations, as the detailed accounts have not yet been received. We can, however, say that all the stocks of coffee warehoused in Hamburg, Bremen, Trieste, and Antwerp have been sold, and that the amount of these sales reaches about 123,000,000 marks. A sale was also made of a small stock in Marseille, 9,065 sacks. There still remains the stock at Havre, 1,216,585 sacks.

"The Government has taken all necessary steps to insure the collection of the proceeds of the sales."

Section 19. Taxation of exports from Brazil.

Export taxes are levied in Brazil, not by the Federal Government (except in the case of the territory of Acre), but by the separate States. The percentage of State revenues raised from exports is shown by Table 2.

TABLE 2.—REVENUE RAISED FROM EXPORT TAXES BY THE BRAZILIAN STATES.

[Compiled by American commercial attaché, Rio de Janeiro. Showing relation which exports hold, as a source of State revenue, to other sources of State revenue. Yearly average, of years 1902-1907, inclusive; in contos, paper.]

State.	Average annual revenue from exports.	Average annual total revenue.	Percentage of income from exports to total revenue.
Alagoas.....	969	2,234	1 43
Amazonas.....	14,535	18,016	1 81
Bahia.....	6,619	10,070	2 56
Ceará.....	1,256	3,151	40
Espírito Santo.....	1,998	2,575	1 75
Goyaz.....	359	808	44
Matto Grosso.....	534	752	2 71
Maranhão.....	535	2,629	4 21
Minas Geraes.....	10,092	17,856	56
Pará.....	11,962	15,262	5 78
Paraná.....	1,614	5,773	6 28
Parahyba.....	765	1,806	42
Pernambuco.....	2,686	8,718	7 31
Piauí.....	398	954	6 42
Federal District.....	306	24,954	9 1.2
Rio de Janeiro.....	4,205	8,018	52
Rio Grande do Norte.....	801	1,275	63
Rio Grande do Sul.....	3,106	11,224	28
São Paulo.....	28,262	48,138	59
Santa Catharina.....	649	1,600	41
Sergipe.....	753	1,565	48
Average.....			48

¹ For the years 1901-1906, inclusive.

² Figures for year 1906 omitted in calculations.

³ Years 1906-7 only.

⁴ 1903-1905.

⁵ 1901-2-1905-6.

⁶ 1902-3-1907-8.

⁷ 1903-4-1906-7.

⁸ 1904-1908.

⁹ 1903-1908.

When a country has what amounts to a monopoly in the production of a commodity, as Brazil has in the case of coffee and as Chile has in the case of nitrate of soda, an export tax on the commodity in question is paid by the purchaser in the foreign country. In view of the fact that the United States imports more coffee from Brazil than any other two countries ¹ it is of interest to know what revenues are collected by the Brazilian States from coffee exports. Approximate figures of these revenues are given in Table 3.

¹ See Tables 2 and 3, Exhibit I.

TABLE 3.—REVENUES COLLECTED ON EXPORTS OF COFFEE FROM BRAZIL.

[Compiled by American commercial attaché, Rio de Janeiro.]

State.	Bags of 60 kilos, 1910-1912 average.	Value in contos. ¹	Percent- age of total coffee exports.	Revenue in contos ¹ paper.	Additional tax calculated in gold, 1,000's (frances).	Total revenue, calculated in 1,000's (U. S. dollars). ²
			<i>Per cent.</i>			
Espirito Santo.....	323,500	15,311	2.9	1,964	970	824
Rio de Janeiro and Minas Geraes.....	2,320,500	110,050	21.0	9,354	6,961	4,341
São Paulo.....	8,163,000	307,794	74.0	27,722	39,541	16,678
Other States.....	213,500	10,020	1.9	1,252	641	530
Totals.....	11,020,500	443,175				22,373

¹ One conto=1,000 milreis.² Brazilian paper money, converted at rate of 16d. per milreis.

NOTE.—The figures for the States of Rio de Janeiro and Minas Geraes are calculated together, as practically all of the shipments from the two States are entered in the export statistics for the port of Rio de Janeiro and no separate export figures for Minas Geraes are obtainable. Part of the Minas Geraes coffee is also shipped out via Santos, thus swelling the above statistics of exports from the State of São Paulo (about 2.4 per cent of the entries into Santos are from southern Minas Geraes). A small part of the Minas Geraes coffee is also shipped out by Victoria, thus increasing the figures of actual exports from the State of Espirito Santo by a small amount.

The above figures for revenue collected in São Paulo represent actual collections; the export tax is 5 francs gold per sack and 9 per cent ad valorem. The figures for the rest of Brazil are calculated: Minas Geraes and Rio de Janeiro, 3 francs gold per sack and 8.5 ad valorem; Espirito Santo, 3 francs gold per sack and 12.5 ad valorem.

Until a few years ago the foreigner also paid the Brazilian export tax on rubber. But since the rise of competition from the East Indies this has become less and less the fact. Table 4, however, showing the revenues raised from the exportation of rubber, is of interest.

TABLE 4.—REVENUE RAISED BY AN EXPORT TAX ON RUBBER FROM BRAZIL, 1910-1912 AVERAGE.

[Compiled by American commercial attaché, Rio de Janeiro. Value in contos,¹ paper.]

State.	Value of rubber	Revenue from rubber.	Percent- age of total rubber exports.	Percent- age of total - State exports.
			<i>Per cent.</i>	<i>Per cent.</i>
Amazonas.....	138,367	11,483	49.0	96.0
Pará.....	120,793	10,990	43.0	96.0
Piauí.....	2,282	* 456	.8	71.5
Ceará.....	3,840	* 768	1.4	34.0
Bahia.....	9,806	* 1,961	3.5	15.0
Matto Grosso.....	4,788	* 858	1.7	62.0
Other States.....	1,571	* 314	.6	.....
Total.....	281,447	26,830	100.0	.....

¹ One conto = 1,000 milreis. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.² Calculated at 20 per cent of stated value of exports.

The following are the State imposts of the principal exporters of rubber: Pará, 20 per cent ad valorem; Amazonas, 15 per cent ad valorem; Federal Territory of Acre, 18 per cent ad valorem.

The above values of exports are taken from the statistics of the port of exit. As the Federal Territory of Acre has no port, it is not included

in this list. Practically all of its exports are included in the Amazonas figures, as its rubber is shipped from Manáos, the port of Amazonas. This accounts largely for the discrepancy that exists between the calculated export receipt (calculated by multiplying the rate of tax by the value of exports) and the actual revenue as given above.

This discrepancy is further explained by the fact that the export statistics represent the f. o. b. value of the exportation, which includes various port fees, and the export tax itself.

Section 20. Influence of immigration into Brazil.

European immigration into Brazil tends to strengthen the bond between Brazil and the countries of Europe. The immigrants retain their national habits and points of view much more than they do in the United States. They are not quickly assimilated. Comparatively few of them are naturalized. The total number of immigrants which have entered Brazil since 1820 up to December 31, 1914, is given by nationalities in Table 5:

TABLE 5.—IMMIGRANTS INTO BRAZIL, 1820 TO DECEMBER 31, 1914.

Country of origin or nationality.	Number.	Country of origin or nationality.	Number.
Italy.....	1,355,000	French.....	28,000
Portugal.....	901,000	England.....	22,000
Spain.....	403,000	Switzerland.....	11,000
Germany.....	123,000	Sweden.....	5,400
Russia.....	103,000	Japan.....	15,500
Austrians.....	78,000	Belgium.....	4,600
Turco-Arabs.....	52,000	Others.....	195,000

Table 5 does not show the emigration. Nevertheless, it indicates one source of European influence in Brazil. The immigrants have settled chiefly in the southern States—São Paulo, Santa Catharina, and Rio Grande do Sul. Many of both the Italians and Germans have become rich and powerful. Immigration has been encouraged by State subsidies and the policy of attracting desirable settlers is being continued.

The bond of nationality is unquestionably strong and gives to the European manufacturer an advantage.

Section 21. Credit and the Commission house.

The reluctance of the American manufacturer to give credit in South America has been a serious obstacle to the growth of American trade. It is here probably more than in any other way that the German manufacturer has succeeded. The Brazilians are accustomed to receiving credit, and they resent the American demand for cash payments. No doubt the Brazilians ask too much, and some middle ground will have to be agreed upon.

One of the chief reasons for the existence of the commission houses in South American trade is this question of credit. They cater to the prejudice of the American manufacturer that he must have cash when the goods are shipped. They also cater to the Brazilian's prejudice that he must have long credit. The commission house finances the transaction and charges a substantial commission on the invoice value. Many of the commission houses are rich, but if they need money they can borrow on their own credit from the banks in New York. There are, of course, other reasons for the existence of the commission houses. Among them may be mentioned the lack of knowledge among American manufacturers of Brazilian tariff and local conditions.

Section 22. Permanent export policy.

Some of the obstacles in the way of the development of American trade in Brazil can be remedied by studying the needs of that country, the customs and manners of her people, and the operations of her tariff laws. Commission houses have been successful because they have adapted themselves to the ways of the Brazilians. It is necessary for a manufacturer who expects to build up a large trade to have a representative in Brazil who understands and speaks the Portuguese language. Americans make a fatal mistake when they send out men who do not understand the language and who are unacquainted with Latin America. It is here that the Germans are often found succeeding.

Competition in Brazil is keen. It was particularly so before the present war. All the great industrial countries of Europe were seeking advantages there. The American manufacturer takes pride in the standardization of his goods and in the home market this has been an advantage. But standardization according to American ideas has not always been an advantage in Brazil. For example, an American manufacturer of porcelain will have difficulty in selling wares such as he has standardized for the American market. The American likes the plain white heavy ware; the Brazilian, however, wants his porcelain covered with flowered figures. Then, the Brazilian tariff, which is on weight, makes the importation of light ware more advantageous. Too often in such cases the American grumbles about the ignorance of the Brazilian and the unreasonableness of the Brazilian tariff. Perhaps the German, however, sends instructions to his factory at home to make all porcelain for the Brazilian market with flowers and at a weight which will afford advantages in payment of duties. The German firm standardizes for the Brazilian market.

The American manufacturer's inexperience as to export packing has been criticised so often (and sometimes unjustly) that it need only be mentioned here. There is one phase of this question, however,

which should be mentioned. In Brazil the tare allowance in those cases where the duty is specific often depends on the way in which the goods are packed; e. g., whether silk is bolted on wood or cardboard. The tare is nearly always a certain percentage of the gross weight and care should be taken to see that the container, etc., do not weigh more than this allowance.

What has been said here and elsewhere in this report argues for a permanent export policy. American manufacturers can not expect to sell their goods successfully in the Brazilian market as long as they regard that market as a place for dumping any surplus not absorbed by the home market. Few things injure a manufacturer more than the refusal to fill orders because he has a market for his goods at home. Either there should be no selling in Brazil or a consistent policy should be followed. Success depends on recognizing the peculiar conditions which exist in Brazil and then a carefully planned campaign of the manufacturer to meet those conditions.

CHAPTER III.

REPUBLIC OF URUGUAY.

Section 1. Some characteristics of the Uruguayan tariff.

The Uruguayan tariff is antiquated. Its classification of merchandise does not conform to modern industry, and in the case of many important articles no enumeration is found in the law and they are entered under general "blanket" clauses, which generally have simple ad valorem rates. Many rates of duty are excessive, sometimes because a domestic industry is being protected, again because merchandise is not classified properly.

In an unpublished memorandum prepared for the Federal Trade Commission under the direction of the minister of the Treasury of Uruguay the following is found:

I had forgotten to note as an item which may interest every exporting country, that the Uruguayan customs use quite liberal judgment in accepting entered values covering articles not provided for in the tariff. This fact is important owing to the circumstance that our tariff is of very ancient date and consequently does not embrace an infinity of articles of modern manufacture.

The Uruguayan customs laws are not, however, as great a burden on trade as might appear from a study of the law. In customs practice the Government is liberal. Officials are open to persuasion, and relief is usually found in one way or another from the most burdensome features of the law.

In general the tariff still follows the system left by Spain as a legacy in the colonies, the theory being that a vast number of articles shall be described, fixed with an arbitrary official value, and given percentages of duty collected on these values. Since those values were adopted industrial processes have changed, innumerable articles of manufacture then unknown are in common use, and the official values appearing for articles still manufactured or imported, bear little relation to their true market values of to-day. When it is desired to increase the revenue or to raise additional revenue for some specific purpose—the service of a loan, the improvement of a port, or for any other reason, a surtax is devised. This, of course, is an additional charge, and even when the purpose for which it was created has been fulfilled, it is not always or immediately removed; the surtax thus becomes incorporated in the tariff permanently. There are a number of true specific rates provided in the Uruguayan tariff—straight rates of so much per kilo or other unit, but these do not escape the surtax,

because official values are created for them also, and surtaxes applied on these. A number of true ad valorem provisions are also found, notably in relation to catchall clauses. As stated in another part of this report (see p. 96), ad valorem provisions are being more and more resorted to under pressure from importers, who know that no uniform or effective means of checking their declared values exist in the customhouse, and that officials are timid about applying that provision of the law which permits them to take over goods at declared value plus 10 per cent paid to importer. Theoretically, such articles are put up at auction, and after the Government has been reimbursed for value paid importer, duties on the shipment deducted from proceeds of the sale, the remainder is for account of the examiner. It has happened that at such sales no bids equalling even the amount paid importer were received, perhaps because some essential part of the manufacture (a machine, for example) had been imported by the interested party previously and could be obtained from him only—or for other reasons; and that the examiner became liable to the Government for all or part of the amount paid importer. In practice, this provision of the law is very rarely applied. Values are accepted as declared, and therefore importers and despachantes use every endeavor to have many lines of goods classified under straight ad valorem rates.

In order to equalize duties on articles similar in character, but of different qualities, recourse is sometimes had to the classifications "common," "medium," and "fine," a different valuation being provided for each. It is not always easy to harmonize the views of importers and customs officials as to what may constitute "common," "medium," or "fine," and uncertainty as to classification inevitably results through this system. Certainly uniformity of classification can not prevail under such a tariff scheme.

Section 2. Requirements for ship's manifest and amendment thereof.

The incoming ship's manifest is, as has been said, the basis for customs accountability. Until all items thereon are cancelled they remain a charge against the customs administration from the fiscal or auditor's standpoint. If evidences of title and other documents agree as to marks, numbers, weights, and other items of description, with those noted on ship's manifest filed in customshouse, the entry (termed "permiso" in Uruguay) is coursed for clearance of the goods covered therein, after other local formalities have been complied with—payment of duties, establishment of fact that person filing the permiso has filed satisfactory bond to cover his liability for the payment of duties weekly as required in Uruguay, certification by alcaidía (warehouse division) that goods have actually been discharged, etc.

Under Uruguayan practice, the ship's manifest may be amended at any time up to 48 hours from time of customs record of the ship's entry or arrival of steamer, either respecting packages carried in excess, or deficiency existing in the number shown by manifest made up at port of departure.

Contents of manifest.—The Uruguayan law¹ provides the following on the subject of ship's manifests:

1. Class, nationality, name of the ship and master, registered tonnage, port of sailing, and ports of the Republic to which the ship is bound.

2. Consecutive numbers of bills of lading, marks, numbers and quantity of packages, their class and contents, gross weight, or their measurement when tonnage of this class is involved.

3. Name of shipper and of consignees, or whether the bill of lading is to "order."

4. The country of origin of the merchandise, with the exception of that declared, "In Transit"; the total value of the merchandise, preferably indicated in Uruguayan gold (\$1.034 United States currency); the freight rate for merchandise "In Transit," and its total amount. * * *

Four copies of the manifest must be presented to the consular agent, at least two of which must be written in Spanish, or translated into that language by the consular agent. * * *

After comparison with bills of lading, the consular agent shall legalize two copies of the manifest written in Spanish, affixing to one of them the corresponding stamp, and shall transmit them under sealed cover, together with the stamped bills of lading covering cargo, to the chief of customs at the port of destination, by conduct of the captain or master; he shall deliver the third copy to the captain or his representative at the port of shipment and shall file the fourth in the consulate. * * *

Manifests must be presented for legalization before sailing of the ship, but if merchandise is laden at the last hour, or for any reason it has not been possible to include the same in the general manifest already presented to the consulate and legalized, the captain or agent of the ship shall present a supplementary manifest for legalization in the same form required for general manifest, in which the motive for formulating said supplementary manifest shall be set forth.

When it has not been possible to present the supplementary manifest before sailing of the vessel, this must be effected within the following 48 hours, and in such case must be sent under seal by the consular agent to the director of customs, by the most rapid route, and postal charges shall be for account of the ship's agent.

The same formalities prescribed for the general manifest of cargo shall govern that of small packages, and this also must be presented, accompanied by the corresponding parcel receipts. * * *

If manifests and bills of lading do not contain the required data, the consular agent shall return them without his certificate, indicating omissions to interested party, but if the party insists that documents be certified in this condition, the consular agent shall certify them, making notation that he does so through insistence of the interested party, despite the irregularities observed in the documents, also setting forth in what these consist. If he should find differences upon comparing bills of lading with manifests, he shall make notation thereof, before certifying. * * *

The general manifest may be corrected after legalization and remittance as outlined, by a letter in triplicate addressed to consular agent by the interested party [ship's agent], in which the error is declared. The consular agent shall certify the three copies, returning one to the party for presentation at the respective custom-house, he shall file the second, and shall remit the third to the director of customs. * * *

¹ Consular Regulations of Oct. 20, 1906, as amended by the decree of Jan. 25, 1916, effective Apr. 1, 1916.

Position of agent or consignee.—Agents or consignees of “privileged packets” (mail steamers, etc.) are recognized by the customs as legal representatives of masters or captains, and are thus responsible for acts or omissions of the captain or crew. Within 24 working hours, agents or consignees of such packets must present to the harbor division the original manifests of cargo carried from each port where stops were made, and within three working days after delivery of the original manifest to harbor division (*resguardo*), must file with the *contaduría* the general manifest of the cargo signed by agent or consignee, with the corresponding stamped paper, and the permit to discharge cargo into warehouse.

The general manifest above mentioned shall be the document recognized as valid by the customhouse covering cargo carried by the privileged packet, and agents are given 48 working hours after its presentation to make additions thereto or to correct any error suffered therein. After lapse of this time no corrections of any nature shall be permitted.

Regulations covering other than privileged packets are not so liberal as to time allowance, though the same privileges of amendment are permitted, and Uruguayan regulations are more strict governing amendment in the sense of diminishing cargo manifested as carried, than regarding additions to originally manifested quantity.¹

Amendment of manifest.—Uruguayan regulations relating to the amendment of manifests are extremely liberal, as are in fact all Uruguayan customs requirements, and this tendency is explained in part by the idea consistently advocated in Uruguay of making Montevideo a great distributing center for River Plate points.

The following extracts are taken from an Executive decree of December 19, 1914, treating of manifests, their amendments, toleration of differences, etc., and are of interest in the consideration of this phase of customs administration:

Upon examination of the record, and considering that article 170 of the General Customs Regulations [which has legislative sanction by the law of Mar. 13, 1862] provides confiscation for excess in ship's cargoes, and fines for what is missing from that declared, in a sum equal to the value of packages not found;

That the same article takes into account the 24 working hours allowed the captain for adding to the same and rectifying all the errors committed upon manifesting the cargo;

That according to the true spirit of customs legislation, the manifest *ne varietur*, or rather the definite and ratified declaration of a quantity or contents is something most essential and fundamental, and for this very reason does not admit of alteration or explanation respecting intention or good faith, once the period fixed for modification of declaration has lapsed. * * *

¹ Practices with respect to manifests as outlined are authorized by the law of Nov. 20, 1860, with legislative sanction by law of Mar. 13, 1862, and by the law of Jan. 4, 1883.

That article 170 of the General Customs Regulations which governs in the case of nonprivileged ships, and article 9 of the law of January 4, 1883, that applies to privileged packets if penalties accrue for difference between the manifest and the cargo, accord really excessive periods, such as are not granted by the most advanced countries in the world, for the necessary correction of manifests presented, which signifies that the truth of such declaration is a responsibility which no one may escape later without incurring the penalties established. * * *

The decree further contrasts the stricter practices of France, Great Britain, Italy, and Belgium in the application of penalties for differences between manifested and carried quantities, even where there is no presumption of fraud, with the more liberal provisions of the Uruguayan law.

Section 3. Bills of lading.

The Consular Regulations of Uruguay of October 20, 1906, provide on the subject of bills of lading:

ART. 219. Bills of lading that must be presented to the consular agent at the port of shipment shall contain besides the declarations required under article 1205 of the Commercial Code the indication "In transit," "Reexport," "Transshipment," or "Optional" when the merchandise covered by them is definitely or eventually destined for foreign ports, and "Importation" when destined for clearance through customhouses of the Republic [of Uruguay].

ART. 220. Upon presentation for legalization of the three original bills of lading [set of bills of lading,] two copies shall also be presented with the manifest, one for the customs audit or control and one for the consular files.

The three originals and the copies shall be legalized in the form prescribed by Art. 254 of these regulations.

ART. 221. Each owner of merchandise is entitled to one set of bills of lading [three], and consequently this document must not cover goods shipped to different consignees, nor shall the same bill of lading include merchandise for transit, transshipment, or for optional destination with goods destined for importation [consumption].

ARTS. 226 and 228. Consular agents shall not accept manifests¹ and bills of lading without the formalities prescribed in preceding articles, nor shall they accept these if not plainly written in black or indelible blue ink, nor those having written matter that is not on the lines, or is interlined, or if they show words, marks, or numbers amended, crossed out, erased, or scratched.

Errors, omissions, and additions must be corrected by means of an explanatory note signed by the interested party and viséed by the consular agent. * * *

ART. 230. Bills of lading shall always be legalized at the port of shipment, even though covering merchandise of other origin, provided that those documents have not been legalized at the point of origin.

Article 1205 of the Commercial Code provides that the bill of lading must show:

1. The name of the captain, the ship, port of registry, and tonnage.
2. The name of charterer or shipper.
3. The name of consignee, if bill of lading is not extended to order or to bearer.

¹ See p. 82.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial matters. The text outlines various methods for organizing and storing data, including digital databases and physical filing systems. It also mentions the need for regular audits and reviews to ensure the integrity of the information.

2. The second part of the document focuses on the role of communication in achieving organizational goals. It highlights the importance of clear and concise communication, both internally and externally. The text provides guidelines for effective communication, such as using appropriate language, listening actively, and providing feedback. It also discusses the benefits of open communication and how it can foster a collaborative work environment.

3. The third part of the document addresses the challenges of managing a large organization. It identifies key areas of concern, such as resource allocation, time management, and decision-making. The text offers practical advice on how to overcome these challenges, including prioritizing tasks, delegating responsibilities, and seeking input from team members. It also mentions the importance of staying updated on industry trends and adapting to changes.

4. The fourth part of the document discusses the importance of maintaining a positive and healthy work environment. It emphasizes the role of leadership in creating a supportive and motivating atmosphere. The text provides tips for promoting employee well-being, such as encouraging work-life balance, providing opportunities for professional growth, and recognizing achievements. It also mentions the importance of addressing conflicts and maintaining a fair and equitable workplace.

5. The fifth part of the document concludes with a summary of the key points discussed. It reiterates the importance of accurate record-keeping, effective communication, and sound management practices. The text encourages readers to implement the strategies and guidelines provided and to continuously strive for improvement. It also mentions the importance of seeking professional advice when needed.

4. The quality, quantity, number of packages, and marks of the goods.

5. The port of lading and discharge, with declaration of other ports of call, should there be any.

6. The cost of freight and primage, should any be stipulated, as well as the place and form of payment.

7. The date and the signatures of the master and shipper.

The "Trasferencia"¹ or transfer is the document recognized by the customhouses of Uruguay as evidence of ownership of goods sought to be cleared, and is issued by ship's agents to the consignee or importer.

Ordinarily the original bill of lading is shipper's first and only protection in case his shipment is based on credit or he depends in any way for the collection of his account on eventual possession of this document. If a bill of lading arrives attached to draft in Uruguay, consignee may take delivery of goods covered therein if he can obtain from the carrying ship's agents what is termed the "trasferencia," and needs no other document of transfer in order to remove goods from customs custody. Obviously this method of procedure removes transfer of title from the customhouse or other direct fiscal control and from the banker or other holder of original bill of lading, and places it squarely in the hands of the ship's agents.

A case in point was cited by a bank in Montevideo. This institution held a bill of lading for a fresh-fruit shipment, attached to sight draft. The consignee, after the usual notice from the bank to take up draft, offered explanations excusing himself for not meeting it immediately, though his good faith and solvency prevailed and the draft was paid later. When, however, the bank (before payment of the draft) made inquiries as to the goods, presumably seeking to protect the shipper, it developed that delivery already had been effected by the customhouse, although the negotiable bill of lading was still in possession of the bank. Possession of the "transferencia" before payment of the draft or delivery to him of the original bill of lading naturally accounts for premature clearance, from a shipper's and banker's point of view, of the shipment.

Clearly this system must have a very direct bearing on the question of commercial credits—it leaves the shipper without customs protection respecting delivery of his goods and invalidates whatever immediate claims he might have through a bank. It could, for instance, place his shipment at the mercy of any ship's consignee or agent who has power to issue the "trasferencia," and if advantage were taken, the collection of his account would have to be effected, in case of contest, through the courts. Were a customs regulation

¹ See facsimile opposite p. 85.

in force, under which filing at the customhouse of the original bill of lading would be essential for the delivery of goods in possession of customs warehouses, the shipper could hold the collector (director in Montevideo, or collector at ports of minor consequence), especially if that official were under specific bond to his Government obligating him to make correct delivery of goods.

Section 4. Consular invoice not required.

This document is not required for shipments to Uruguay. Article 3 of the law of November 30, 1906, provides: "Consular visé of the invoice shall not be obligatory in any case." A certificate of origin may be legalized by consulates upon request of the shipper, but it is not yet obligatory to present this document. (Decree of Sept. 13, 1915.)

Section 5. The despachante.

In Uruguay delivery of imported merchandise usually is made through special and accredited despachantes. These men have a semiofficial position. They are required to put up a bond in cash, public debt, or in landed property. Public debt is favored because it bears interest. If this bond is not put up, they must pay the duties in cash for all goods which they withdraw from the customhouse. If in the case of payment of duties under a bond there is delay in making the payment (they are due once a week), the first measure taken by the Government is to suspend the right to clear goods through the customhouse.

The customs administration has the power to grant the title of despachante.

Despachantes have no fixed schedule of charges. They charge according to the amount of work done. Practically all of them take complete charge of shipments as soon as the shipping documents are delivered to them. Some pay the duties and other charges for clients and present complete bills for delivery and clearance of goods.

The average importer considers himself relieved of all responsibility in customs transactions after signing his customs papers and relies on his despachante to protect his interests in the matter of dutiable returns to the best of his ability, and to employ to the best advantage that superior knowledge of customs practice and laws which distinguishes the despachante and renders him of value to his client.

Section 6. Customhouse procedure.

Procedure in the customhouse at Montevideo is comparatively simple. It is the avowed policy of the Uruguayan Government to simplify it as much as possible, and to stimulate increase in trade in every way. In entering goods the importer is not required to pro-

duce a consular invoice, and not even the original or negotiable bill of lading is necessary in so far as the customhouse is concerned.¹

The first paper made out in the procedure for the clearance of goods is called the "*Trasferencia de aduana*." This is made out on stamped paper—one of the means adopted by the Uruguayan Government for the raising of revenue. This document is reproduced opposite page 85. It shows the marks on the goods and the contents of the cases. It is the document signed by the ship's agent turning over the goods to the customhouse. The *trasferencia* is finally filed in the warehouse division of the customhouse.

The "*permiso*"² or entry must contain marks, numbers, counter-marks, and dutiable weight or quantities in metric terms, with adequate description of the contents in terms of the tariff for purposes of classification, and errors in these respects may be corrected by the interested party before examination of the goods. If it is not possible for the importer to prepare his entry in the manner required, he is permitted to make a previous examination of merchandise to be cleared, in the presence of customs employees, and then fill in the required data.

The "*permiso*" is made out in triplicate, the original being on stamped paper. Upon filing of the "*trasferencia*" and entry these papers also must be accompanied by the "*manifiesto*" (partial or minor manifest). The *manifiesto* is a detailed statement of the merchandise, best described as an extract from the general manifest or bill of lading, with the further indication of the paragraph number of the tariff under which goods described therein are dutiable. It is filed with the customs audit or control division, and is accompanied by the statistical *manifiesto*. The papers are signed by the importer. Upon the order of the warehouse division, the goods are released from the warehouse and taken to the examination room. No samples are taken. The goods are then classified according to the tariff and the *permiso* (entry) is sent to the division of liquidation. There the duties are computed and the other charges added. In addition to the duties the goods pay certain surtaxes, or additional charges,³ devised for some fiscal emergency, or collected for specific purposes through the customhouse as a matter of convenience. Of course, these surtaxes, etc., mean an increase in the duty to be paid on the goods. In the division of liquidation the goods are also assessed with storage charges and slingage charges. The duties on a number of typical shipments of goods on entering Uruguay and the other charges on these shipments are given elsewhere in detail.³

¹ See p. 85 for a discussion of the difficulties that might arise through the absence of a requirement that original bill of lading be produced at the customhouse.

² See facsimile of entry, opposite p. 91.

³ See p. 90.

Damage, leakage, and breakage.—The Uruguayan customhouse allows a discount for leakage and breakage on certain goods, as, for example, 3 per cent on kerosene, 4 per cent on glassware, etc. This leakage and breakage is allowed whether it occurs in fact, or not. Under the law the customhouse is responsible for all damage, leakage, and breakage occurring to goods while in warehouses which is due to the carelessness of the government officials. When the damage on imported goods is of a nature clearly showing that it is due to mishandling, the responsibility is fixed by going back over the receipt given at the times each factor takes charge of the goods. The ship is responsible for acts of the stevedores; the customhouse for those of the wharfingers and warehouse keeper.

Audit and reliquidation.—Increase or “aumento” in the amount of duties consists in a liquidation effected on the original “permiso” or entry for duties computed at less than those accruing, whether originating through errors of classification, error as to periods for which storage is due, or simply errors in calculation, just as the “devolución” is a rectification in the reverse sense, for duties paid in excess. The increase (“aumento”) is effected by the Uruguayan customs in the following manner: After payment of the permisos at time of maturity they are remitted to the audit or control office for revision by employees especially trained for this purpose. If upon this audit errors are discovered, they usually show short collections, because if overpayments were in question the interested party in most cases would have made his claim before payment of the duties in order to obtain the corresponding reduction. Special columns for this purpose are printed on the entries. The “aumento” or increase upon reliquidation may be delayed on an average one month after payment of the permiso by the person clearing goods, and must be paid by him on the next due day immediately after receipt of notice of difference due. Nevertheless a longer delay is usual, due to tardy revision or audit of the permisos. After one year, counted from the date of the original liquidation of the permiso, the customhouse has no right to effect the collection of any class of “aumentos.”

Application for refund not made at the time of weekly payments exacted for entries must be made on stamped paper to the general customs administration within one month after payment of the entry in question, and such claims are decided by the executive (the minister of finance in this instance). If the term of one month lapses without proper claim having been filed, neglect to enter the same operates as prescription against the claimant.

The decree of April 10, 1877, and especially articles 5 and 6 thereof, treat of both short and excess collections. Limitation is fixed by Executive decree of November 5, 1887; and this decree also regulates

the audit of customs transactions. This is effected by three divisions—the first, second, and third. The first has to do especially with accounting for packages discharged into warehouse, whether cleared or still on hand, with the checking of entries that cancel cargoes discharged, and the search for any of these that may be lacking for cancellation,¹ etc. The second division audits paid entries, and checks application of the tariff provisions, computations, etc., storage, and slingage charges collected, etc. The third division effects what is best termed a preaudit, before the entry is coursed, i. e., comparison of the partial or minor manifest,² with the entry, the progressive number of which is noted on the minor manifest in this division, after which, if all is found in order, the entry is returned to the interested party for further coursing. These three divisions constitute the office of control. The audit system of Uruguayan customs service is well devised, but has limited material at its disposal on which to base an audit, because original documents required in clearance, that emanate from the shipper, appear to contain insufficient detail bearing on classification, as to quantity and quality of imported goods, for effective control of a given import transaction from its inception at the port of shipment to its conclusion with payment of duties.

Section 7. Method of calculating duties in Uruguay and typical clearances through the Uruguayan customhouse at Montevideo.

The method of calculating duties in Uruguay on typical clearances through the customhouse at Montevideo is shown below. The clearances discussed are designated by the letters A, B, C, D, E, and F.

American cotton prints.—The following (A) illustrates an importation of 25,000 yards plain-woven American cotton prints, 25 inches wide, 64 by 64 ends per square inch, weight per 100 square yards 15 pounds 10 $\frac{1}{8}$ ounces; assumed c. i. f. value, Montevideo, \$1,329.50 United States currency; gross weight, 1,592 kilos (3,510 pounds); net weight, without interior wrappings, etc, 1,234 kilos (2,720 pounds); dutiable under paragraph 1079 of the tariff at specific rate of ₧0.28³ per kilo, net weight. Official or fixed valuation, ₧0.90 per kilo, net weight:

1,234 kilos, at ₧0.28.....	₧345.52
5 per cent increase in duties, based on valuation, in accordance with the act of Oct. 4, 1890. $1234 \times 0.90 \times 0.05$	55.53
Storage, $\frac{1}{2}$ per cent monthly or fraction, of official valuation (₧1,110.60).....	1.39
Slingage, $\frac{1}{16}$ per cent of official valuation (₧1,110.60); some articles pay storage and slingage directly on weight or other units.....	.69

¹ Entries are progressively numbered before payment in Uruguay.

² See p. 87.

³ The Uruguayan peso (₧) equals \$1.034 United States currency. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

The act of Sept. 16, 1914, provides for the consolidation of the following additional duties, taxes, or imposts under one head, denominated "adicionales especiales" (special additions), and directs their computation under one head, in the sum of these amounts (4 per cent):

	Per cent.
Statistical impost.....	0.0035
Consular tax.....	.0050
Patente de giro ¹.....	.0015
Tax for port works at Montevideo.....	.0300
Sum of special additions.....	.0400
This is based on valuation, hence 4 per cent of ₧1,110.60.....	₧44.42
Add 5 per cent of valuation, ₧1,110.60, for "patente extraordinaria" (extraordinary tax) created by the act of Apr. 30, 1915, on certain imported articles.....	55.53
Charges for permiso, transferencia and stamp (all stamped paper charges)....	1.50
Total.....	504.58

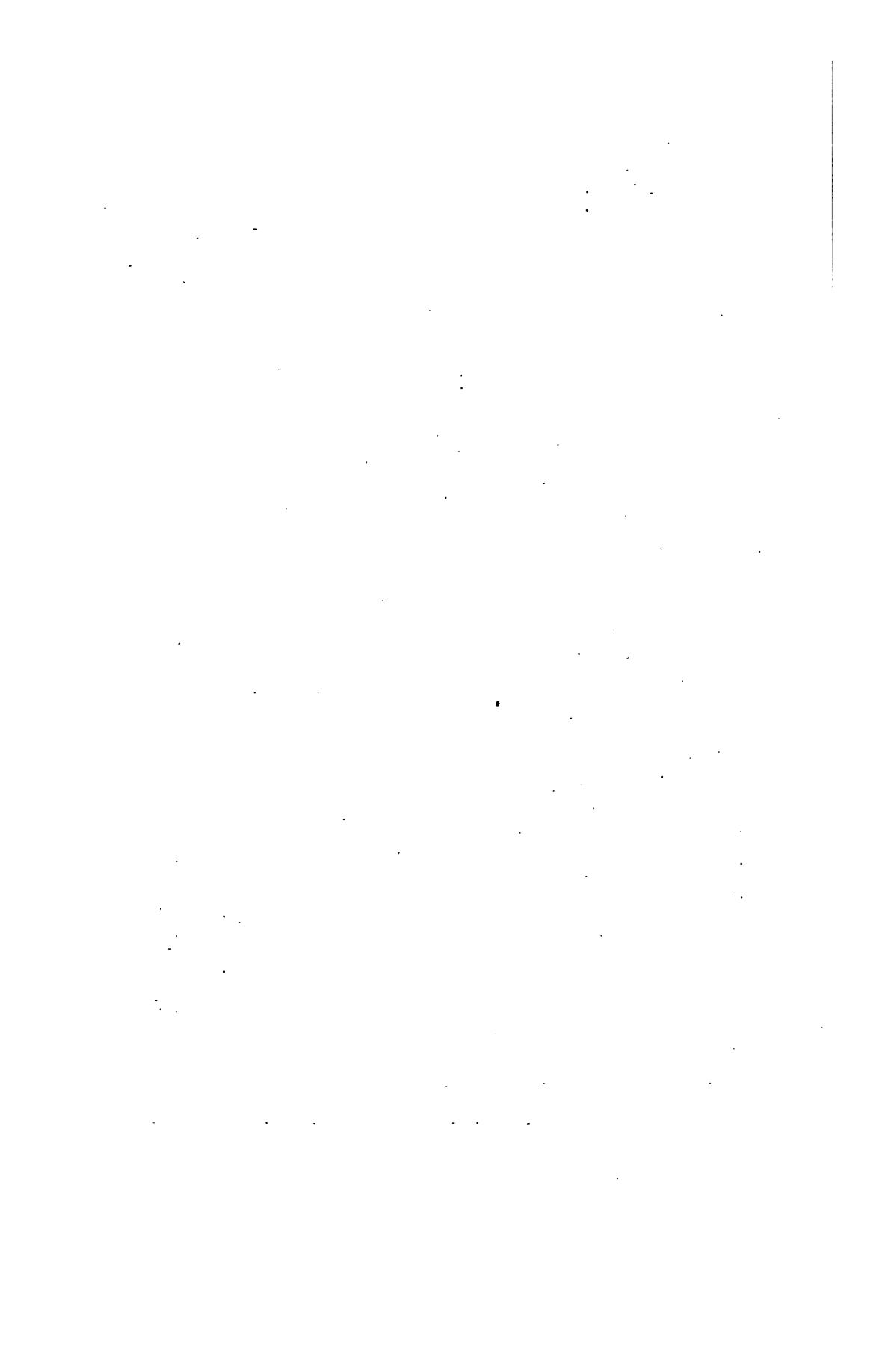
The Uruguayan peso being worth \$1.034 United States currency, duties and other customs charges equal \$521.74 United States currency which is 39.2 per cent of assumed c. i. f. value, a percentage by no means prohibitive, and moderate in comparison with Brazilian standards.

Nickel watches.—The following (B) illustrates an importation of 1 gross nickel watches, assumed c. i. f. value Montevideo, \$75 United States currency, dutiable by decree of March 12, 1913, at 5 per cent on an official valuation of ₧2 each. It is exempt from the 5 per cent increase, because the basic percentage is less than 12 per cent, under decree of December 4, 1911, and is not subject to the 5 per cent extraordinary tax under act of April 30, 1915. It is subject, however, to statistical impost, consular tax, patente de giro, and tax for port works at Montevideo, aggregating 4 per cent of official valuation:

5 per cent of official valuation ₧288	₧14.40
Storage, $\frac{1}{3}$ per cent per month or fraction.....	.36
Slingage, $\frac{1}{16}$ per cent.....	.18
4 per cent special additions, based on official valuation, $144 \times 2 \times 0.04$	11.52
Charges for permiso, transferencia, and stamp	1.50
Total.....	27.96

27.96 pesos are equal to \$28.91 United States currency which is 38.5 per cent of assumed c. i. f. value. It was conclusively established by the Uruguayan Government that when these watches were classified under paragraph 2422 of the tariff at the percentage and valuation thereunder fixed, plus the increases leviable on that percentage, a thriving business was carried on in smuggling such articles. Since modification of the duties on jewelry, watches, etc., there has been a decided increase in revenue from importations in this line.

¹ The "patente de giro" is a special tax on trade volume.



Canned peaches.—The following (C) illustrates an importation of 10 cases canned peaches, assumed c. i. f. value Montevideo \$36.30 United States currency, 24 2-pound cans to the case, gross weight 260 kilos (573 pounds), weight including tins 240 kilos (529 pounds). They are dutiable under paragraph 133 at specific rate of ₡0.10 per kilo, on the weight including tins. Official or fixed valuation is ₡0.20 per kilo, on weight including tins:

240 kilos, at ₡0.10.....	₡24.00
5 per cent increase in duties, based on official valuation, $240 \times 0.20 \times 0.05$	2.40
Storage, ₡0.08 per 100 kilos.....	.20
Slingage, ₡0.04 per 100 kilos.....	.10
4 per cent special additions, based on official valuation, $240 \times 0.20 \times 0.04$	1.92
5 per cent extraordinary tax, based on official valuation, $240 \times 0.20 \times 0.05$	2.40
Charges for permiso, transferencia, and stamp.....	1.50
Total.....	32.52

32.52 pesos are equal to \$33.63 United States currency which is 92.6 per cent of assumed c. i. f. value.

Canned salmon.—The following (D)¹ illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Montevideo \$37.30 United States currency, 48 1-pound cans to the case. The gross weight is 311 kilos (686 pounds), and the weight including tins 276 kilos (608 pounds). These goods are dutiable under paragraph 110 at specific rate of ₡0.30 per kilo, on the weight including tins. Official or fixed valuation is ₡0.50 per kilo, on weight including tins:

276 kilos, at ₡0.30.....	₡82.80
5 per cent increase in duties, based on official valuation, $276 \times 0.50 \times 0.05$	6.90
Storage, ₡0.08 per 100 kilos.....	.22
Slingage, ₡0.04 per 100 kilos.....	.11
4 per cent special additions, based on official valuation, $276 \times 0.50 \times 0.04$	5.52
5 per cent extraordinary tax, based on official valuation, $276 \times 0.50 \times 0.05$	6.90
Charges for permiso, transferencia, and stamp.....	1.50
Total.....	103.95

103.95 pesos are equal to \$107.48 United States currency which is 288.1 per cent of assumed c. i. f. value. Anchovies in oil are dutiable at precisely the same rate of duty, etc., under paragraph 27 of the tariff and at considerably less under paragraphs 28 and 29 if in brine. Caviar is dutiable under paragraph 110, the same that is applicable to canned salmon. The lack of adequate qualification in nomenclature of generically similar products, differing widely in value, under the Uruguayan tariff, is forcefully illustrated by customs liquidations covering canned salmon and caviar.

Men's woolen or worsted suits.—The following (E) illustrates an importation of 1 dozen men's woolen or worsted suits (coats,

¹ See facsimile of the "permiso" or entry reproduced on a basis of 260 kilos, including tins, opposite p. 91.

vests, and trousers), summer weight, with admixture of cotton or other vegetable fibers, assumed c. i. f. valuation Montevideo \$116 United States currency. The gross weight is 60 kilos (132 pounds).

Coats, paragraph 986, 48 per cent on an official valuation of ₧36 per dozen.

Trousers, paragraph 863, 48 per cent on an official valuation of ₧20 per dozen.

Vests, paragraph 615, 48 per cent on an official valuation of ₧12 per dozen.

48 per cent on total official valuation of ₧68 per dozen suits	₧32.64
5 per cent increase in duties, based on official valuation, $1 \times 68 \times 0.05$	3.40
Storage, $\frac{1}{2}$ per cent.....	.09
Slingage, $\frac{1}{4}$ per cent.....	.04
4 per cent special additions, based on official valuation, $1 \times 68 \times 0.04$	2.72
5 per cent extraordinary tax, based on official valuation, $1 \times 68 \times 0.05$	3.40
Charges for permiso, trasfencia, and stamp.....	1.50
Total.....	43.79

43.79 pesos are equal to \$45.28 United States currency which is 39 per cent of assumed c. i. f. value. In order to be dutiable at the rates given in "E" the component material must have either warp or filling entirely of cotton or other vegetable fiber. This percentage certainly is not prohibitive, and if manufacturers would adapt their goods to requirements of the country, it would appear that a market for clothing of this class is open to them in Uruguay. However, the same articles of pure wool or worsted are dutiable with increases, based on official valuations at double those cited in "E."

Inexpensive hats.—The following (F) illustrates an importation of 1 gross soft hair-felt hats, assumed c. i. f. value Montevideo \$180 United States currency. They are dutiable under the act of July 17, 1915, paragraph 3, at a specific rate of ₧9 per dozen. The official valuation is ₧12 per dozen under paragraph 1011 of the tariff:

12 dozen, at ₧9.....	₧108.00
5 per cent increase in duties, based on official valuation, $12 \times 12 \times 0.05$	7.20
Storage, $\frac{1}{2}$ per cent.....	.18
Slingage, $\frac{1}{4}$ per cent.....	.09
4 per cent special additions, based on official valuation, $12 \times 12 \times 0.04$	5.76
5 per cent extraordinary tax, based on official valuation, $12 \times 12 \times 0.05$	7.20
Total.....	128.43

128.43 pesos are equal to \$132.80 United States currency, which is 73.8 per cent of assumed c. i. f. value. Hats of the same class, but of better material, sold at \$30 per dozen, for example, would pay exactly the same duties, plus the stamp and stamped paper charges mentioned in other examples. This circumstance again illustrates defective classification under the Uruguayan tariff. Insufficient detail in nomenclature of specific rates (such as the majority of Uruguayan provisions are in their ultimate effect) necessarily results in inequalities like those shown respecting different grades of hats.

Section 8. Fines and seizures.

Below are given the most important provisions of the Uruguayan law relating to fines and seizures:¹

ART. 276. When merchandise is found in packages, different from that declared in entries [permisos], the corresponding duties according to declaration shall be applied, even though duties legally accruing be inferior to those leviable on the goods according to description in entry, unless the interested party proves good faith; but if the difference should consist in the quantity of pieces, the excess shall be confiscated, unless innocence of intent to defraud also is proven, and duties shall be imposed on the entered quantity. If finally the facts justify penalty in the judgment of the court, duties shall be levied on the total number of pieces, plus costs of the proceedings.

ART. 278. If at the time of examination merchandise not declared is found fraudulently concealed in secret or double bottoms, or in any other fraudulent manner, confiscation shall be obligatory, and a fine equal to value of the merchandise imposed according to the tariff [official valuation], which fine shall be satisfied by the owners or consignees who have requested clearance.

ART. 282. Seizures effected in the customhouse because of differences in contents of packages, found at time of examination, shall be distributed among the examiner, the assistant, and the chief directing the clearance, upon payment of duties to the treasury.

A toleration or "tolerancia" for differences amounting to 5 per cent is allowed as to the contents of each package without subjecting goods to fine or seizure, and this practice has the sanction of long usage. It applies, however, to each individual package and may not be calculated with relation to contents of a number of packages of the same class of goods. For instance, the excess found in one package may not be computed on the total contents of several for the purpose of bringing difference within the 5 per cent allowance.²

Uruguay has a customs administrative act of November 20, 1860, approved by the law of March 13, 1862, amended and modified by numerous subsequent decrees and laws, and codified to September, 1910. A memorandum prepared for the Federal Trade Commission under the direction of the minister of the treasury is of especial value in determining the practice with respect to fines and seizures in cases most likely to arise in the course of ordinary importations. When a question of classification presents itself the practice is as follows:

If the interested party acknowledges the difference [in quality] found upon examination, the examiner or vista shall extend on the entry or permiso a notation to that effect. This shall be signed by the despachante and the chief examiner [Jefe de Vistas]. After this, without further formalities, the goods shall be delivered to the despachante. * * *

The accountant's office then sends to the interested party a notice advising him of the duties and the fine [here called a recargo]. On the next due day, which is once a week in Uruguay, the cashier's office collects the fine as well as the duties, and the employee or employees effecting the seizure thereupon receive a certificate entitling them to participate in the proceeds of the fine. * * *

¹ Customs Regulations of Nov. 20, 1860, approved by the law of Mar. 13, 1862.

² See decision of Treasury court, summary No. 225-914, dated Dec. 3, 1914.

The taking over or purchase by the Government of undervalued goods, equivalent to though not legally defined as seizure or confiscation, is discussed under "Valuation" in this chapter, p. 96.

In the case of seizures for excess in quantity found the importer has a right to abandon the excess and this is sold by the customhouse to the highest bidder. The proceeds are delivered to the examiner making the seizure after the duties and patentes [surtaxes disguised under this designation] have been paid.

If in the case of an excess in quantity found the importer can prove good faith, the seizure will not be made. But differences found between the original and duplicate permiso or entry will not be accepted as valid explanations. In case different goods from those declared in the permiso are found upon examination, seizure must follow, unless the merchandise as declared should cause higher duties than those found upon examination. If upon examination, merchandise different from that manifested is found, a fine or surtax of 50 per cent shall be applicable and dispatch of the goods shall be obligatory.¹

Section 9. Protests and appeals.

The Uruguayan law provides ² on the subject of protests:

No claim shall be admitted, respecting classification of merchandise and the application of duties because of damage or any other circumstance, after goods have been withdrawn from customs warehouse. * * *

Protests interposed, whatever their character, that can not be peremptorily decided, nevertheless shall not relieve the interested party from satisfying duties due according to liquidated entries already in the cashier's office, within the time and according to the form determined by law, and subject to the penalties prescribed.

In case of doubt as to the classification of any merchandise, or of difference in opinion between the visturia (examination division of the customhouse) and the despachante, the question is submitted to a commission denominated the "clasificadora" (equivalent to board of appraisers), which is composed of the director general of customs or his deputy, as chief, of the inspector of examiners, and of an equal number of examiners and registered merchants in active business designated by the minister of finance.³

The customs service maintained that decisions rendered in accordance with Article VI, law of January 18, 1889, are final,⁴ but the Treasury Court in its decision of August 11, 1914, held that appeals from such decisions lie under certain circumstances. It decided as follows:

* * * Considering that the duty of the commission created by article 6 of the customs law of January 18, 1889, is purely and simply that of establishing, in case of doubt or controversy, the classification of determined goods, without emitting opinion as to the legal consequences that may ensue in each case from such classification, because this is a function of the respective judges; and that in consequence, though it is true that the resolutions of said commissions have the force of arbitral decisions, no reason exists by virtue of which it is to be understood that the sentences of customs judges declaring what are the juridical consequences originating from those expert decisions, are not subject to appeal. * * *

Nevertheless, in practice, decisions of the commission or board, respecting classification, etc., are binding and generally so considered.

¹ It is important to note that in the case of clearance under ad valorem provisions of the tariff law unequalled seizure does not exist at all; see discussion of valuation, p. 96.

² Customs Regulations of Nov. 20, 1860, approved by law of Mar. 13, 1862, arts. 262 and 266.

³ Law of Jan. 18, 1889, Art. VI.

⁴ Brief of Director General of Customs, Aug. 4, 1914, filed on appeal of customs process Nos. 788-913.

Section 10. Samples of commercial travelers.

Commercial travelers have apparently little trouble in getting their samples into Uruguay. They should send their samples to the sample room and hand documents and keys to the local firm which is to clear the goods. No duties are levied if the goods are to be reexported. The firm making the clearance merely makes a declaration that the samples are to leave the country within a given period. On reembarking the samples they must pass again through the customhouse in order to release the "despachante," who usually is intrusted with clearance, from liability for duties thereon which would otherwise become due under his bond.

Section 11. Smuggling.

The Uruguayan customs service is diligent in the pursuit and punishment of smugglers, and every effort is strained to frustrate such practices. By whatever degree import duties on given articles are excessive, to that extent the temptation and material rewards for illegal traffic in them are increased. Whether these be articles of necessity or of luxury is immaterial, provided that a demand for them exists.¹ The Uruguayan Government recognizes this situation and recently the Executive submitted to Congress a proposed revision of the duties on silk goods and tapestry textiles. In the message accompanying the proposed law on July 21, 1915, the following language was used in part:

* * * Even though that class of articles should carry a heavier tax because of the fact that they are destined for the more opulent classes, the fact exists that because of the excessive duties with which they are burdened the greater part consumed in the country are smuggled. This state of affairs is grave, not only because the treasury loses revenue but because it stimulates the organization of fraud, that later may extend to other customs matters. * * *

The director of customs in forwarding the project expresses himself in the following terms:

* * * Its sanction will eliminate forever the multitude of difficulties [of classification] that at present occur daily, and institute the honest entry of silks, almost exiled from our customhouses, with the consequent benefit to the treasury, and will drive from our coasts, likewise forever, the illicit traffic in silks, almost impossible to avoid. * * *

There seems to be a tendency in certain circles in Uruguay to amend the tariff in its relation to articles that now are prohibitively taxed; the jewelry schedule has been amended, and the administration

¹ Translation of a newspaper article appearing in the "Diario del Plata" of Jan. 15, 1916, follows: "On the evening of the 11th of this month Lucas Echeverriborda and Florencio Ramos, customs employees of the Receptoría del Salto, captured a contraband shipment of 52 kilograms of silks sought to be introduced without payment of customs duties. An effort was made to pass the two packages containing the silk goods at the coastal point known as La Conserva. The dirección [central customs office] was advised of this circumstance, as well as respecting the legal process initiated. The amount involved [in duties] is in the neighborhood of 500 pesos [\$517.50 United States currency]."

wishes to apply more equitable rates on importation of silks, silk goods, and hardware. This tendency, however, does not appear to exist with reference to articles of home industry.

Section 12. Valuation.

Article 5 of the law of January 5, 1888, provides that duties on articles not provided for in the tariff shall be liquidated on the basis of declared (entered) values, and that the customhouse may take over goods considered undervalued within 48 hours after examination by paying to the owner the amount of declared value plus 10 per cent. Also, a number of articles are provided for at simple ad valorem rates, in the body of the tariff law.

Were there effective means of determining true values of merchandise laid down in warehouse, the collection of duties on this basis would be an unconscious discrimination against exporting countries in competition with others enjoying more moderate freight rates, as this value includes freight charges. It is clear, however, that Uruguayan regulations are very liberal in their requirements of detail in shipping documents, such as value, for example, and it is not likely that this question is raised frequently. The fact that unscrupulous shippers will furnish simulated commercial invoices can not be glossed over, and inadequate punitive machinery for reaching them or their correspondents can not but contribute to undervaluation in Uruguay, because this practice is rendered comparatively safe under the regulations. If upon sale at auction of the goods taken over by the Government as above indicated, which in substance amounts to a seizure, the amount realized does not cover what was paid for the goods, the examiner is liable to Government for the deficit. It can be readily understood, and is but natural, that any official would hesitate in following such a course. A number of circumstances may tend to render the seized goods of value to the interested party only, and not readily salable at auction. An essential part of a given article not obtainable otherwise than through his agency may be providentially missing, or the entity may be so split up in different shipments that any one part or shipment of parts is of value to no one but the importer having control of the different shipments. The examiner may be aware of these circumstances, or he may not. Indubitably he is taking a risk in recommending purchase and sale of these goods by the Government for its account.

There is no similitude rule under the Uruguayan tariff or regulations.

Section 13. Classification.

The tariff law of Uruguay has not kept pace with the development of modern industry, and innumerable articles which are now common articles of commerce, are not enumerated in the tariff at all. As a

result, many of these articles fall under what is often called a "blanket" ad valorem clause, or "not-specially-provided-for" section of the tariff. Hence while in effect the permanent official valuations in the Uruguayan tariff law make it fundamentally a specific tariff, these blanket ad valorem provisions are at the same time illustrative of inadequate specification under the tariff, and afford opportunities for undervaluation.

There are cases under the Uruguayan customs tariff law where the duty is so high upon certain goods as to amount to prohibition. In all cases this is not intentional. For example, until a short time ago nickel watches were dutiable at a rate which prevented any importation whatever. A thriving smuggling business was carried on in watches. This situation was brought to the attention of the minister of finance. It was pointed out to him that many of these watches were being sold in the stores in Montevideo for less than the duty. As a result the rate was reduced. Similar instances might be found in the case of hardware, silk, and other articles which are small in bulk, but have a relatively high value.

Knowledge of classification under the Uruguayan tariff is in many cases the measure of success or failure in business in Uruguay, and a valuable asset in business. Obviously an importer who knows how to classify his goods under the tariff in order to obtain a lower duty than his competitor will be successful in competition. Well informed despachantes are naturally of the greatest service in this connection.

Before a manufacturer of desks sends his goods into Uruguay he should study the tariff act. Desks are classified according to length; a few inches may bring a desk under a higher classification and compel the importer to pay a much higher duty than he would have paid if the desk had been made of such a length as would permit it to fall just within the next lower classification. The duty on revolvers is excessive; they are easily brought in without the payment of duties.

It need hardly be added in consequence that the lack of more complete and equitable classification of merchandise under the Uruguayan tariff is a noticeable obstruction to trade. A manufacturer unfamiliar with the Uruguayan market finds here a serious obstacle. Apparently the only remedy for this situation is a thorough scientific revision of the Uruguayan tariff, which would not necessarily increase the total number of classifications, but after the elimination of much defective or obsolete nomenclature would provide for numerous new articles produced by modern industry, and also work out in a scientific way the taxation of many common articles of commerce in reasonable proportion to their value.

Section 14. Abandonment and sale of abandoned or unclaimed goods.

Abandonment of merchandise in Uruguay may be either express or implied, under article 237 of the act of November 20, 1860, which with subsequent amendments is the organic administrative act of the Uruguayan customs. Article 238 relieves the importer, if he expressly abandons his goods, of liability for payment of all duties and charges except those of storage and slingage in case the proceeds of auction sale do not reach the full amount of duties and charges. Should there be a surplus upon auction, the owner is entitled to this amount above duties and charges.

"La Aduana Uruguaya" (The Uruguayan Customhouse) is a fortnightly review devoted to judicial and administrative customs questions, to which prominent customs officers and merchants contribute. In No. 24, issue of September 15, 1915, pages 12 to 15, is published an interesting article on abandonment under the caption: "The right of abandoning merchandise entered for consumption is actually unlimited." The author observes that the laws and regulations governing the subject permit merchants to abandon merchandise stored to their order in fiscal warehouses when for any reason it is not found convenient to effect its importation, and adds:

It is not necessary to emphasize the advantage and utility of that law, because they are evident from its enunciation. We shall only add that our importers make prudent use of it, and that in the immense majority of cases the treasury collects integrally the amount of duties.

The right or prerogative of abandonment is limited by the law of November 24, 1869, which in article 29 prescribes that in the case of "differences" in classification found upon examination, the clearance or effective importation of such goods is obligatory, and it is claimed by the author of the article in question that this rule was rigidly applied until the middle of 1907 "without taking into account the detriment caused merchants in case of excessively high or disproportionate duties, upon tentative importation, and in similar cases." On July 1, 1907, the distinguished director general of customs, Dr. Alejo Idiartegaray, submitted a case in which official valuation returned upon examination exceeded the expected or entered valuation by 400 per cent, and abandonment of which was desired by importers, to the treasury court, requesting a general decision, permanently valid, that would diminish or modify the injurious effect to importers of obligatory clearance in such cases.

A decision was rendered and approved July 31, 1907. In substance it agreed with recommendations of the director general of customs and supported the principle "that the customhouse may not force the interested party to clear goods with the added fine of 50 per cent established by the law of November 24, 1869, when voluntary aban-

donment of the merchandise is made," and there is no presumption of fraud. The opinion states, further, justifying abandonment under the circumstance discussed:

Were no abandonment offered, it is explicable that the law would naturally require clearance, to the end of avoiding return of the goods to warehouses and the consequent evasion of duties by the despachante, whether by means of a simple permit to reexport the same, or through assignment of another examiner with different views as to classification.

The subject of abandonment and subsequent sale of undamaged goods at auction for less than the amount of duties and charges legally accruing should not be lightly dismissed as unimportant. If it is possible to place goods on the market at a price below cost plus customs duties and other fiscal charges, and if it is permitted eventually to sell to the highest bidder without regard to these, unfair competition obviously may exist under governmental approval, unconscious as this may be. The danger lies, of course, in the election of one importer to abandon goods, relying on an opportunity to have them subsequently bid in for what they might bring, and of another to clear at returned rates of duty, plus other charges. The Government, by permitting the entry of goods for consumption upon payment of less than the prescribed amount of duties, creates an undesirable inequality, loses revenue, and confesses that certain tariff provisions are unworkable, without affording a uniformly applicable remedy to bona fide importers desiring to engage in the trade of articles too highly taxed.

Section 15. Industries and protection.

Stock raising.—The chief source of wealth of Uruguay is live stock. A census in 1908 reported 8,192,602 cattle, 26,286,296 sheep, 556,307 horses, 17,671 mules, 180,099 hogs, and 19,951 goats. Among her chief export products are fine wool; hides; chilled, frozen, and salted meat; and beef extract. Approximately 90 per cent of the exports of the country are derived from stock raising. Some of the industries which are closely allied to pastoral and agricultural pursuits are the salting, preserving, and freezing of meats,¹ and the manufacture of wine, flour, macaroni, sugar, beer, and starch.

Manufactures.—Manufactures have developed to a considerable extent in Uruguay. In Montevideo there is a large cement factory, which supplies about one-half of the home market. Uruguay has two woolen mills, which spin their own yarn and produce both woolen and worsted fabrics. Both felt and straw hats are produced. The shoe industry has established itself, which is natural in a country producing so many hides. The better grades of both hats and shoes,

¹ Two freezing plants, 13 salting plants, 3 canning factories, 3 tongue-canning factories, and 1 liquid extract factory.

however, still come from abroad. One of the most important factories in the country is one producing sheep dip. It supplies approximately one-half of the dip used in the Republic. Paper is also manufactured, and there are factories producing the cheaper grades of furniture. Among other industries of greater or less importance may be mentioned those which produce mosaics, brick, glass, soap, pottery, and lithographs.

Protection.—Many of these manufactures are from the standpoint of an industrial country insignificant. Free-trade economists would no doubt argue that many of them are ill-adapted to the economic conditions of the Republic. However that may be, it is a fact which must be recognized by American exporters that industries exist in Uruguay which are becoming a more and more important factor in competition. To this must be added the fact that the Uruguayan Government has adopted the policy of protection. In some cases duties are made excessive and even prohibitive to protect small industries which can not possibly supply the home market.

The position of the Uruguayan Government on protection is stated in the following unpublished memorandum, prepared under the direction of the minister of the treasury of Uruguay:

The Uruguayan customs tariff in many of its phases has a protective tendency. But in reality, much remains to be done in order to reach an efficacious end in this respect concerning the many industries that exist in the country, that in not a few instances have not progressed beyond the initial steps. * * *

Further, though laws of a protectionist character have been passed, there are cases in which these have not always been applied to their full extent by the Government. Such, for example, is that relating to compliance with the law of January 5, 1888, in the part thereof providing for an increase of 17 per cent on made-up articles in general. The Executive did not provide adequate regulations covering the enforcement of this law, confiding its generic application to customs functionaries charged with that duty, and the result was that many articles that should have been taxed in accordance with legislative intention were not burdened with taxation to which they were subject legally. It is possible to cite among these items many whose character as made-up articles could not be placed in doubt, and it should be noted that the greater number of them correspond to branches of industries established in the country. For example, under our tariff, the following articles are actually classified at 31 plus 14 per cent and not at 48 plus 14 per cent: Pocketbooks, cigar cases and belts of leather, machine belting, neckties, artificial flowers, hat forms, made-up tablecloths, umbrellas and parasols, pellones [saddlecloths], napkins, sweat pads, suspenders, cardboard boxes, billiard supplies, mattresses, handkerchiefs, and a list of others too long to enumerate. * * *

Respecting the cases of the manufactures cited, the Executive of Uruguay will not delay in issuing a decree increasing to 48 plus 14 per cent the duties leviable thereon, in accordance with the law hereinbefore quoted [that of Jan. 5, 1888]. Some progress already has been made in this sense by the application of this extra 17 per cent to cotton mattresses, articles that had been excluded from the operation of this law without warrant.

We will now pass to the industries protected by tariff measures according to legislative intention. A law exists in Uruguay providing for free entry of raw materials used in determined industries, such as sheep-dip manufacture, paper, tanneries,

viticulture, breweries, matches, sandals, woolen textiles, hats, soap, cement, tiles [for flooring], and refrigerating packing houses. Touching some of these items, those relating to glass bottles, sheep dip, paper, leather [tanning], the exemption from duties of raw materials employed in their elaboration is almost complete, as they pay but 4 per cent in the form of a special additional tax [adicional especial], but for other materials related with these industries and with others existing in the country a percentage of 5, 6, 8, 10, 15, 20, and 25 per cent, besides the special additional tax already mentioned, has been fixed.

As to industries favored with more or less prohibitive duties leviable on similar imported articles, sheep dip may be mentioned. This was formerly on the free list but now is taxed with a specific duty of \$0.10 per kilo, and hats—the duties whereon have been increased by some 25 per cent.

Respecting other items, the necessity is felt daily for an increase in duties, in the same proportion as that established for hats, footwear and furniture.

Answering the question as to whether the protection accorded our industries, both through the law of January 5, 1888, cited, and through the other measures referred to, has in any case amounted to prohibition, it must be said truthfully that it has not been possible to obtain this desideratum in any case, not even when double protection is afforded, e. g., where raw materials are exempted and heavy duties are provided for the finished article upon importation, as in the case of hats and sheep dip. It has only been possible to accomplish through these means an appreciable decrease in the importation of cheap [common] articles, consumed by the poorer classes, while still permitting the importation of goods of first quality that can be paid for by those who are able and willing to do so.

Section 16. Trade, war, and credit.

Imports.—Table 4 in Exhibit I¹ shows the total imports into Uruguay in 1911 by classes of commodities and by countries of origin. The total importation was valued at \$46,321,000. The value of the importation from the leading countries was: From the United Kingdom, \$12,576,000; from Germany, \$7,849,000; from the United States, \$5,638,000; from Argentina, \$4,150,000; from France, \$3,929,000; from Italy, \$3,328,000; and from Belgium, \$3,315,000.

Exports.—Uruguay pays for her imports by exporting agricultural and pastoral products. Her exports for 1911 and 1912 are shown in Table 5 of Exhibit I.² In 1912 the value of her exports was \$50,460,000. Of this valuation \$45,537,000 was classed as animal and meat products. In the order of amount of exports taken in 1912 the countries of destination were France, Germany, Belgium, Argentina, United Kingdom, the United States, and Italy.

Credit.—Before the present European war the business of Uruguay was done with Europe on the basis of long credits. There credits came into existence in the first place because the country was young and did not have capital with which to finance large shipments of goods. Such a condition is not uncommon in rapidly developing countries, where the needs of the people expand much more quickly than capital accumulates. In the second place, competition among European manufacturers for the market of Uruguay tended to

¹ See p. 231.

² See p. 232.

lengthen the terms of credit extended to her merchants, since he who offered the most favorable terms received the orders. Thus the merchant in Uruguay came not only to need but also to expect long credits. Hence when the crisis came in the Balkans in 1913 the merchants of Uruguay immediately felt its influence on the European money market. This situation was accentuated and emphasized by the great European war. It was necessary for the merchants in Uruguay to change their business from a credit to a cash basis. The fact that they did this may be taken as an indication that the financial basis of the country is sound.

Since the beginning of the present war in Europe the merchants in Uruguay have been looking to the United States of America for goods, and as a result there has been a large increase of American merchandise in the Uruguayan market. The American manufacturer has, however, as a general rule refused to extend credit to the Uruguayan merchants and has demanded cash payments. There can be no doubt but that this attitude has injured American trade. Large and responsible business houses in Montevideo resent being required to pay cash. They feel that the American manufacturers have taken advantage of their necessity, and many say that as soon as the war is over they will return again to the European market for their goods.

American export methods.—In a certain sense American trade is on trial in Uruguay. Occasional mistakes and unfair methods are seized upon by European competitors and spread abroad as general attacks on American exporters. Too often a wrong impression is thus given. European houses, so far as unfair methods are concerned, are not so blameless that they can cast the first stone. As for mistakes, they need not be repeated. Without intending to make a general indictment of American business methods, but with a view of enabling the American exporter to place American trade entirely above criticism, the following actual cases are cited. They are furnished by a party in close touch with the Uruguayan market, who is interested in seeing the export business of America prosper.

Goods were ordered shipped by a certain line. The exporter sent them by another line, explaining that delivery would not only be prompter but the freight rate was lower. It happened, however, that the line which had been specified always docked its steamers near the importer's warehouses, saving lighterage and hauling charges. The other line unloaded its steamers into lighters. Prompt delivery and lower freight rates were more than offset by lighterage and hauling expenses and bad temper.

Paper, a certain number of millimeters wide, was ordered. Two full sheets of paper were used to explain why the paper was needed, and why it should be exactly the number of millimeters wide which

the buyer mentioned. The office boy at the other end converted millimeters into inches, shipped paper the width, in inches, which this method indicated, and caused the loss of a good customer. The conversion resulted in the paper being about one-sixteenth of an inch too wide. The paper was wanted for piano player rolls, and there is no way of getting the paper cut and trimmed in Uruguay.

Twenty thousand dollars worth of resin, of a certain grade and quality, was ordered. Resin of a different grade and quality was delivered. The resin was needed by soap manufacturers, and for peculiar technical reasons of a local nature, they could not use what was delivered. The importer finally auctioned the resin at a loss of several thousand dollars.

A traveling representative of a produce house, on the strength of samples of fine, large potatoes obtained orders for several tons of potatoes. Small seed potatoes were delivered. The exporter explained that in the United States, when large quantities of potatoes were ordered, it was the trade custom to "understand" that seed potatoes were meant. He did not explain why, if this were true, his agent solicited orders on the basis of a sample that was anything but a seed potato.

A dry-goods importer ordered, from sample, a black cloth with a diagonal weave. He received a black cloth, quality not questioned, without a diagonal weave. The cloth is used by a certain clientele which refuses to buy any other kind.

An automobile dealer ordered a quantity of supplies, going to some length to explain why the gross and net weight and contents of each case should be clearly specified. Failure to carry out instructions resulted in a heavy fine which the automobile man had to pay.

About a dozen dry-goods importers ordered certain cotton textiles. Guided by experience they particularly inquired if their orders would be "firm" orders; that is, not subject to acceptance by the home office, if the goods ordered were actually made up, or if they would first have to be manufactured, etc. The salesman, who incidentally had arrived some months too late, and may have had other reasons for booking large orders, gave ample reassurances on every point. When the orders reached New York, may be a few days beforehand, the salesman received a cablegram instructing him to raise all prices 10 per cent, due to a corresponding rise in the price of cotton. The merchants first discovered that, printed in small type on the order forms, no order was binding until accepted by the home office. They then argued, if the goods were actually made up, as claimed, an advance in cotton prices ought not to affect the price of the goods already manufactured. Their newspapers informed them that the cotton rise was purely speculative, expected later in the season, and perhaps of a temporary nature. There were enough evidences of chicanery to make them lose faith not only in the house

in question, but in others. The importers, according to local traditions and customs, looked upon the orders they gave as contracts. Once having put their names on paper, they felt themselves bound. Assuming a reversal of circumstances, that once the goods were shipped they learned that they could not sell them at the prices stipulated, they would have paid the bill anyway, because they had contracted to do it.

A jewelry salesman sold a large quantity of locketts to the several wholesalers in this line. He then sold an equal quantity, on smaller orders, to all the wholesalers' customers. When the jewelry for the wholesalers arrived, they found that their market had already been loaded.

Another jeweler ordered some silver-plated goods. On arrival they were tarnished. An impartial referee appointed by the United States consul examined the goods and reported the trouble due to defective workmanship—goods were not as ordered. The factory wrote a letter, practically accusing the importer of bad faith for daring to claim that there was anything wrong.

Commercial laws.—One of the obstacles to American trade in Uruguay is the lack of an up-to-date negotiable instruments law and a chattel mortgage law. There is a movement at the present time among business men in Montevideo to have such laws enacted. These laws, if enacted, would materially improve the credit relations between our country and Uruguay, and would very likely provide a means by which the American manufacturer and Uruguayan merchant could finance their transactions. With adequate legislation to protect it, any bank could finance the transaction between the manufacturers in the United States and the Uruguayan houses. The former could keep his prejudices relating to the payment of cash and get cash upon shipment of goods; the latter would get such credit as he needed and the banks would be protected by the safeguards referred to.

Section 17. Export duties.

A part of the revenue of Uruguay is raised by means of duties upon exports. These fall upon the natural products of the country, such as wool, hides, meat,¹ etc. It need hardly be pointed out that this is a serious burden upon industry. A number of the officials of the Uruguayan Government, who were consulted, realize this fact, but they say that export taxes are a part of the fiscal system of the Government and can not be removed at the present time. It would seem that some of these duties could be equalized, and that a real benefit from this equalization would accrue both to the Treasury and industry. These duties are specific or based on a percentage of official valuation and they have the common fault of specific duties in that they bear heavily upon the cheaper grades of goods.

¹ Export duties on jerked beef were repealed, effective Jan. 1, 1916.

Section 18. Capital and immigration.

Capital.—On account of the many opportunities for investment Uruguay has attracted a large amount of foreign capital. It has been invested in tramways, railroads, port works, municipal improvements, frigorificos, estancias, and industrial establishments. In origin it is chiefly English, but Italy, France, Germany, Spain, and the United States are represented.

Immigration.—In 1913 the population of Uruguay was given as 1,279,359. With the natural growth of the country the population is now no doubt larger. Immigration has not influenced Uruguay as deeply as it has Argentina. The foreign population, however, is considerable, the Italians and Spanish leading in numerical importance. The Government of Uruguay encourages immigration by prepaying passage money and in caring for the immigrants when they arrive.

Section 19. Reciprocity and American trade.

American manufacturers have now an opportunity to lay the foundation of a permanent export business in Uruguay. Apparently the only thing which they lack is experience in the export business. Long-established German and English houses have had the advantage, and, although languishing now during the European war, will make supreme efforts after the war to regain whatever they have lost. American manufacturers will have to meet severe, perhaps unfair, competition. This competition should be a matter of concern to the American Government.

It is not true, as has been suggested, that the South American countries, like Uruguay, will welcome "dumping" after the war. They have their own nascent manufactures to care for. Some form of a pan-American "dumping" provision might meet with general acceptance among the South American Republics.

It is important to notice here that the minister of the treasury of Uruguay voluntarily suggested a commercial treaty in the report already referred to. This report says in part:

Indubitably, by means of the tariff it is possible to extend in greater degree the interchange of products between the República Oriental del Uruguay and the United States. But obviously to gain this end the conclusion of a commercial treaty would be necessary in order to afford a solid and permanent basis therefor.

On our part we would have to possess as a preliminary step toward any measure of this kind a statement covering the products and manufactures that the United States is most interested in selling, with specifications as to respective sale prices. In this way it would be possible to establish in each case the margin of tariff advantages which could be offered such articles without prejudice to our own industries.

CHAPTER IV.

REPUBLIC OF ARGENTINA.

Section 1. Some characteristics of the Argentine tariff.

When enacted.—Law No. 4933 of December 20, 1905, the fundamental tariff act of the Republic of Argentina, fixes the percentages to be collected on official valuations, establishes specific rates of duty for certain imports, one rate of export duty¹ on old iron and steel, and recites the free list. It is complemented by the Tarifa de Avalúos (Tariff of Official Valuations), which was declared a national statute from January 1, 1906, and last officially reprinted in 1911.

Official valuation.—Article 14, Chapter IV, of Law No. 4933, directs the Executive to remit annually to Congress, during the first month of its session, such amendments to the Tariff of Official Valuations as may be deemed opportune; and article 12 of Chapter IV provides that this shall be based on the cost of merchandise laid down in customs warehouse. Official valuations are stipulated for practically all articles described in the Tariff of Official Valuations, whether dutiable at fixed percentages of official valuations, at specific rates, and even for some items of the free list. Official values also are adopted for exports.

Under the decree of June 5, 1907, published in Official Gazette No. 4069 of June 7, 1907, it is provided that the board of examiners or appraisers referred to in that decree shall prepare semiannually and submit through the proper channels suggestions as to changes in official valuation deemed opportune by them. These recommendations usually are the bases for modifications in the valuation tariff.

Schedules.—The import tariff has 3699 paragraphs, in 20 major schedules, adhering very closely to component materials or generic groups. Schedules are arranged as follows:

Paragraphs.

1 to 56.	Schedule I.—Articles free of duty.
57 to 99.	II.—Raw or prime materials.
100 to 248.	III.—Provisions and other groceries.
249 to 302.	IV.—Beverages.
303 to 313.	V.—Tobacco.
314 to 329.	VI.—Tanned hides and skins.
330 to 424.	VII.—Saddlery and harness maker's wares, including hardware for these, traveling equipment, etc.
425 to 487.	VIII.—Footwear, accessories and materials therefor.

¹ Jute or gunny bags are also subject to duty upon exportation.

Paragraphs.	
488 to 603.	Schedule IX.—Furniture.
604 to 635.	X.—Jewelry.
636 to 719.	XI.—Musical instruments.
720 to 779.	XII.—Hats and accessories.
780 to 1546.	XIII.—Hardware, including marine supplies, lumber and machinery.
1547 to 1642.	XIV.—Electrical goods, machinery, etc., and articles for lighting.
1643 to 1726.	XV.—Arms, gunsmith's wares and accessories.
1727 to 1915.	XVI.—Ceramic wares, crystal, and glassware.
1916 to 2078.	XVII.—Textiles.
2079 to 2212.	XVIII.—Made up articles and clothing.
2213 to 2777.	XIX.—Miscellaneous, including paper and notions.
2778 to 3699.	XX.—Drugs, including paints, oils, chemical products, druggist's supplies, surgical instruments, etc.

At the head of each schedule rules are incorporated governing the application of duties thereunder, surtaxes for degrees of elaboration not provided for in the tariff nomenclature, for admixtures, etc., and determining the basis of dutiable weight, if this is not specified in the respective paragraphs of the schedule.

No similitude rule.—Assimilation of unenumerated articles to others specified in the tariff is expressly forbidden under article 36, Decreto Reglamentario de la Ley de Aduana, May 31, 1906 (customs regulations) which provides that—

In the application of paragraphs of the tariff, no distinctions shall be made, nor shall any cases [classifications] be decided according to analogy [similitude]. Clearance shall be effected in strict accordance with the wording of each paragraph, and under the personal responsibility of the respective employee.

Goods not enumerated.—Procedure in classifying goods not enumerated in the tariff is determined by article 15 of Chapter IV, Law No. 4933, which provides that—

Articles of foreign origin not enumerated in the tariff shall pay the duty [percentage] established in the same for those of their class [generic] based on their value in the customs warehouses, declared by the importer, and if they do not fall under any of the categories [schedules] of the tariff, they shall pay duty at the rate of 25 [plus 2] per cent on their value in customs warehouse, declared in the same manner.

This is the "blanket or catch-all clause" of the Argentine tariff.

Read together these two provisions show that a considerable number of manufactures are removed by elimination from consideration under determinate nomenclature of the tariff into the straight ad valorem rates, and on account of the difficulty of establishing the exactness of these, it is apparent that importers, unless favored with an unusually moderate official valuation, would naturally incline toward introduction under the ad valorem or omnium gatherum provisions.

True specific rates.—Nearly all true specific rates of the tariff, as distinguished from those based on official valuation, are included under Schedules 3, 4, and 5 (provisions, groceries, beverages, and tobacco) though some 25 items dutiable on this basis are grouped under other schedules. The ultimate effect of collecting fixed percentages on fixed valuations, which is the predominating feature in customs taxation of Argentina, naturally is purely specific. It should be noted that the employment of compound rates for the equalization of duties on certain articles is practically unknown in the countries of South America.¹

Nature and theory of the tariff.—The following extract from a memorandum kindly prepared for the Federal Trade Commission by the undersecretary of the treasury for Argentina indicates briefly the nature and theory of the Argentine tariff law:

The Argentine customs tariff in force fixes a uniform duty of 25 per cent ad valorem [in the sense that ad valorem is understood there], but contains as exceptions three categories of economic duties that are protective of determined industries.

Minimum duties (from 20 to as low as 5 per cent), levied on raw materials not produced in the country, that are utilized in national industries, on machinery in general, motors therefor, and spare or repair parts, on iron and wire, tools, lumber, and building material.

Further, free entry is provided for agricultural machinery and machinery for rural industries, for vessels, material for the construction and exploitation of railroads and trainways, printed matter, coins and precious metals, fuels, animals, plants and seeds, cereals, flour, and jute bagging.

Duties greater than 25 per cent (from 30 to 50) on manufactures and products similar to those of national fabrication and industry: These apply to carriages, harness and saddlery, perfumery, footwear, hats, woolen and knitted textiles, commercial books and printed matter, and all made up articles of cotton, linen, silk, and leather.

Specific duties, equivalent to proportions greater than 25 per cent, on articles or products similar to those of national manufacture. These are designed for sugar, refined illuminating petroleum, alcohol, beer, liquors, wines, common paper, soft and stiff felt hats, preserves and soup pastes, wire nails, cigarettes, and stearic candles.

The enumeration of manufactures benefited through minimum duties or by free entry provisions, and those taxed with heavier duties, shows clearly what manufacturing industries, besides rural and transportation enterprises, are especially protected.

Schedule for drugs, etc.—Schedule XX, drugs, medicines, surgical instruments, druggist's supplies, etc., with 922 or one-fourth of the total number of paragraphs devoted to import enumeration, is characteristic of most South American tariffs in its attempt to specify everything that possibly could be imported under this head. The percentage fixed under this schedule, 25 plus 2 for nearly all articles, on official valuation, is relatively low, and Argentine treatment of this schedule emphasizes the tendency toward specific or unvarying results in customs taxation, however inequitable these may be. It is clear, of course, that no uniform percentage in relation to true value

¹ The Venezuelan tariff has a few compound specific and ad valorem duties.

can be realized or even approximately collected on a great class such as drugs, medicines, etc., if this is based on official values, given the constant fluctuations in market value and the impossibility of enumerating all products of this nature.

Indefinite nomenclature.—The qualifications “common,” “medium,” and “fine”, relating to different grades of the same article, are found in some paragraphs of the tariff, notably in Schedule IX (Furniture). Obviously, uniformity in classification must be difficult under such indefinite tariff nomenclature.

Section 2. Requirements for ship's manifest and amendment thereof.

Requirements.—The Argentine law¹ requires the legalization of ship's manifests by Argentine consuls in foreign ports, the specification of marks, numbers, class and quantity of packages carried, with their denomination, whenever possible, and the designation of persons to whom merchandise is consigned. Below are given certain articles relating to manifests, cited from Law No. 810, Customs Ordinances, of October 5, 1876:

ART. 21. The consul shall course said manifest, certified, after comparing it with the bills of lading covering cargo, and expressing in the notation of legalization the number of bills of lading therein covered.

ART. 31. Captains of vessels shall present to the boarding officer making the entry visit of inspection, the general manifest of the cargo, viséed by the Argentine consul, and make a separate report, in any language, of any package or bundle brought by the crew, the passengers, or of any parcel or samples not included in manifest of the cargo, besides noting surplus ship's stores on board.

ART. 46. After entry of ship has been registered, the [captain's] bills of lading or his cargo record used in checking manifest, shall be returned to him, rubricated by the chief of division of maritime entrances and clearances, and the original manifest together with the list of surplus ship's stores shall be delivered to the consignee of the vessel for translation at the custom house of these documents in triplicate, on the stamped paper required by law, and according to form No. 1.

ART. 50. The consignee of the ship is responsible for errors committed in translation of the cargo manifest and list of surplus ship's stores.

Article 93 of the Customs Regulations of May 31, 1906, provides, with reference to manifests:

* * * Argentine consuls, upon visé of the general manifests of ships, shall not exact separate specification of the weight and volume of each package, but, on the other hand, shall require of shippers in the respective sets of bills of lading, indication of the weight or the volume of each package, according to the basis on which freight is paid, when merchandise contained in packages termed “de hacienda” [general merchandise] is involved, and in the case of other merchandise the aggregate of said weight or volume. * * *

An officer of the división de registro, Buenos Aires customhouse, while exhibiting the records under orders of the administrador (collector of customs) de aduana, offered a pertinent comment as to manifests from New York, and suggested in the interest of facility in

¹ Ordenanzas de Aduana, Art. 20, Law No. 810.

shipment of American merchandise that it is not necessary to enter values of the goods in those documents. The manifest of a foreign line covering American goods only, was examined and all values found entered. Values of shipments are not usually stated on European manifests.

In connection with the suggestion that the values of American goods need not be entered on the ship's manifest it is important to recall that under the new regulations prescribed in United States Treasury Decision No. 35969, effective since February 1, 1916, it is not necessary to reveal values of shipments to carriers or to vessels, provided that regulations prescribed therein relating to export values, required by our Government for statistical purposes, are complied with. This, as stated, may be accomplished without the entry of those values on the ship's manifest. The consular and customs regulations of Argentina dealing with the ship's manifest, the bill of lading, and the certificate of origin are silent as to the declaration by the shipper of the invoice value of goods exported to Argentina, and it might work a hardship on the American exporter if he observes a practice not followed by European shippers.

Amendment of manifests.—An examination of pertinent extracts from Argentine laws hereinafter cited will disclose that a policy of extreme liberality in the matter of amending manifests prevails in Argentina. Obviously this benevolence must result in weakening the audit system or eventual complete customs control of import transactions from the time of their origin at port of shipment to liquidation and payment of duties, and certainly exposes the revenue to hazards beyond the vigilance of the customs service, however strict this may be. In promulgating the decree of July 28, 1914, Official Gazette No. 6172 of August 4, 1914, page 702, the Executive employs the following language, bearing very directly on this subject:

* * * That the lighters and pontoons to which article 846 of the Customs Ordinances refer, are those that must be utilized a posteriori in ports that do not permit of the entry of the larger carrying vessel; a disposition inapplicable to the capital [Buenos Aires], where, if this means of discharge [by lighters] is authorized, it is in the interests of private convenience to the end of facilitating operations that otherwise would have to be realized with relatively more or less delay.

That, with relation to an open roadstead, proper vigilance can be exercised through the sole presence of the customs guard on board the major ship, because the operation [of discharge] is effected without intermediate stops of the lighters, while in the discharge so authorized at the port of Buenos Aires the lighters do not proceed directly from the ship to the warehouse, but, as has been stated, are constantly shifting locations for a more or less longer period, immune from all fiscalization [customs check and control], which is contrary to the spirit of article 32 and the essential principles of our fiscal system. * * *

Article 32 of Law No. 4933 is amplified by the decree of July 28, 1914, published in Boletín Oficial (Official Gazette) No. 6172 of August 4, 1914, which provides:

ARTICLE 1. The period fixed in article 32 of Law No. 4933 is understood as relating to the amendment of errors committed by captains and agents in the general manifest, when they consist in having declared a greater number of packages than were loaded at the port of departure.

ART. 2. When upon discharge of cargo, packages omitted from the manifest are found, the application for adding them to the manifest shall be presented within the forty-eight (48) hours following their discharge, even though the ship has not definitely concluded its operations. This application may be presented directly to the resguardo [corresponds to branch of Surveyor's office] by the captain or agent, on unstamped paper [as distinguished from stamped paper] and shall be received by the officer mentioned without prejudice to subsequent filing of the stamped paper required.

ART. 3. When discharge is effected by means of lighters, the first officer of the ship, besides fulfilling requirements established by the corresponding chapter of Customs Ordinances, shall deliver to the resguardo the tally sheets with regulation details, one of which shall be retained in the main office [of the resguardo] for record and the other sent to the detachment [of resguardo] at the point where discharge is to be effected.

ART. 4. Packages found on board lighters, or discharged to shore, that are not included in the general manifest or the tally sheets referred to in preceding article, shall be subject to the penalties prescribed in article 905, Customs Ordinances, if their addition to the general manifest has not been requested within the period fixed by article 32, Law No. 4933, counted from the moment when such packages were discharged from the vessel.

ART. 5. The circumstance that such packages are recorded on the first officer's tally sheet shall not exempt them from penalty if their addition to the general manifest was not requested within the time stipulated. * * *

The Customs Ordinances also provide:

ART. 51. Within the period of 48 hours from the time when the captain has delivered the manifest to the resguardo [corresponding to a section of Surveyor's office] on shore, and omitting holidays, any error committed in the manifest or its translation may be amended without prejudice, whether increasing, diminishing, or changing its description of cargo.

Article 846, Law No. 810, Customs Ordinances, also provides:

Involuntary errors committed by the captain or agent in the general manifest may be amended without prejudice while the cargo remains aboard the packet, lighters, or pontoons, but after landing the cargo, goods deficiently manifested shall be subject to the penalties established for excesses or shortages in the case of general manifests of sailing ships.

Article 31 of Law No. 4933 provides:

* * * Amendment to manifests referred to in article 846 of the Customs Ordinances may be made only if the customhouse has not previously discovered the delinquency.

Article 847, Law No. 810, Customs Ordinances, paragraph 4, as amended by article 32 of Law No. 4933, reads:

The period fixed in paragraph 4 of article 847, Customs Ordinances, within which errors committed in the general manifest of privileged packet steamers may be amended, is extended to 48 hours after completion of discharge.

Article 905 of the Customs Ordinances provides:

After expiration of the 48 hours conceded by article 51 for amending errors committed in the general manifest or its translation, said errors shall be penalized by confiscation of whatever is short manifested, for benefit of the discoverer or person making seizure, and by a fine of ₧20 for each package manifested but not discharged, or manifested as containing goods of greater value than those carried or discharged, for benefit of the treasury.

A responsible official of the Buenos Aires customhouse, when questioned as to the effect of the Argentine regulations permitting the amendment of the ship's manifest without limitation as to number of packages, provided that the regulations as to time are adhered to, conceded the weakness of the Argentine system in this respect. It appears that this officer prepared a report on the subject, discussing this defect in the existing practice and recommending its modification.

Section 3. Bills of lading.

Customs Ordinances, article 880, and Commercial Code, article 1028, require that bills of lading must show—

The name of the master of the vessel, that of the ship, its home port, and tonnage.

The name of the charterer or shipper.

The name of the consignee, if the bill of lading should not be to "order" or to bearer.

The quality, quantity, number of packages, and marks of the goods (packages).

The port of lading and (intended) discharge, with an indication of intermediate ports of call, should there be any.

The cost of freight and primage, should any have been stipulated, as well as the place and form of payment of these.

The date of shipment, and signatures of the master and shipper.

Article 34, Law No. 4933, provides that—

Besides the requirements established in articles 20 and 880 of the Customs Ordinances, for bills of lading accrediting ownership of merchandise, the weight or volume of each package, according to the basis on which their freight is paid, must be expressed therein when packages containing general merchandise are involved, and in the case of other merchandise the aggregate of said weight and volume. Argentine consuls shall not exact this requirement for ships' manifests nor for the bills of lading accompanying them, but only for the set of bills of lading that must be presented by the shippers. Customhouses of the Republic shall not clear any merchandise if the bills of lading filed with request for clearance are not prepared in the condition stipulated by this article.

Article 35, Law No. 4933, provides that—

What is expressed in consular manifests and bills of lading, to which the preceding article refers, shall be valid trial evidence against the importer, on a par with the copies of invoice, clearance manifests [entries], or any other customs document,

Article 93, Customs Regulations, May 31, 1906, provides that—

For the purposes of article 34 [Law No. 4933] consuls shall require that in bills of lading accrediting ownership of merchandise, specification of weight and volume be made only for closed packages termed "de hacienda," that is, containing general merchandise, and not for casks, drums, cases of wine or beverages, paint, lumber, iron, etc., respecting which it shall be sufficient to declare their weight or volume, according to the basis on which they must pay storage and slingage, or freight. * * *

The bill of lading covering shipments to Argentina approximates in some of its provisions the invoices required in other countries. Together with the certificate of origin, which is separately discussed,¹ it forms the record of shipment as far as the customhouse is concerned. It is of more importance, relatively, than the ship's manifest (which may be amended), and, in practice, goods are delivered by the customs only to the holder thereof. No statement of values is necessary in this document, a copy of which is annexed to the consular ship's manifest, and it has been suggested in official and other circles of Argentina that declaration of value is a formality that might well be omitted by American shippers.²

In the Boletín Oficial of July 13, 1915, the following treasury regulations, dated July 6, 1915, governing presentation of bills of lading under certain conditions, are published:

1. In filing documents for merchandise covered by bills of lading to a definite consignee, the following procedure shall be followed in order to avoid payment of the fine of 2 per cent provided for in Article 929 of the Customs Ordinances:

The entries may be filed without bills of lading, on the sole responsibility of the consignee, if he is of recognized standing in the community.

Should the legal period [8 days] expire without presentation of the bills of lading, the Secretary of Customs, at request of the interested party, shall agree to open the correspondence containing shipping documents, noting the date of receipt shown by the postmark, for the purpose of such representations as the interested parties may be required to make before this ministry [of the treasury].

2. Entries for merchandise consigned "to order" may be filed without fine, after the legal period of eight days:

(a) When the interested parties cause the envelopes or packets containing bills of lading to be opened by the office of the Secretary of Customs, in the same manner prescribed by paragraph 1.

(b) When the interested parties present the envelope received by a bank, in which the bills of lading "to order" arrived, to the custom house, within eight days, counted from the date of receipt shown by the postmark. * * *

These regulations were issued to relieve importers of goods from European countries from fines imposed for the tardy receipt of documents owing to censorship or other contingencies causing unavoidable delay.

The lack of bill of lading may also be supplied by the filing of a bond with the administrador (collector), obligating the person seeking to

¹ See p. 114, and also facsimile opposite.

² See United States Treasury Decision No. 35069, discussed in sec. 2, in connection with this recommendation.

clear goods to produce this document within 90 days. Signatures of responsible firms registered in the customhouse are accepted on the bond.

It seems that this means of overcoming the absence of a bill of lading is not generally abused in Argentina.

With reference to shipments to Argentina, it is to be noted that marks, numbers, etc., should appear on the sides of packages (not on cover or bottom), in order to facilitate clearance.

Section 4. Consular invoice not required; certificate of origin.¹

A consular invoice is not required at present for shipments to Argentina, although it is understood that there is a growing inclination in official circles toward the adoption of this system. As outlined in section 3 of this chapter, the bill of lading and certificate or declaration of origin, both subject to legalization at consulates, replace the consular invoice. Declaration of value need not be entered in either, and descriptive details required appear to be comparatively meager, from a customs standpoint; in their preparation, generic terms that may embrace widely different tariff classifications for the purpose of ultimate dutiable return are permitted. An extract from a certificate of origin is given below. Besides marks, numbers, quantity and class of packages, weight according to bill of lading, and country of origin, contents simply are described as follows:

- One case porcelain.
- One case earthenware.
- One case furniture.
- One case electric-light fittings.
- Four cases stonework for chimney piece.
- One bale drapery.

This document would appear to be of greater value in formulating statistical record of imports than as a check on customs import operations.²

Section 5. Customhouse procedure.

Documents required.—In the clearance of merchandise destined for consumption it is necessary to formulate the entry with the following documents:

The "importación"³ or "manifiesto" corresponding to the entry, on stamped paper of ₧1 currency.

The "copia de directo," a copy of the foregoing, on stamped paper of ₧1 currency.

Two "parciales," with the same descriptive matter shown in the foregoing, on unstamped paper.⁴

¹ Decree of Dec. 31, 1901.

² See facsimile opposite p. 114.

³ See facsimile opposite p. 124.

⁴ Parciales contain practically the same descriptive matter as the entry proper, but are reduced in size and lack some of the columns and detail.

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The four documents mentioned are prepared by the importer or his agent and should indicate description of packages by marks, number, class, contents, and dutiable weight or other units, and all must agree in tenor. The bill of lading, to which a revenue stamp of ₱1 currency is affixed, and the certificate of origin must be filed with these documents.

The following articles from the Customs Ordinances relate to the filing of entry:

ART. 114. After the entry for consumption has been formulated as detailed in the preceding articles, it shall be presented to the registry division within eight days following entry of the carrying vessel, and the penalty prescribed in article 929 of the Customs Ordinances shall be applicable for failure to file the same within the period indicated.

ART. 115. Entries covering shipments detailed in the general manifest in the same manner as required for the entry respecting class, quality, and quantity are excepted from provisions of the preceding article and may be filed after the expiration of eight days but before sailing of the carrying vessel.

ART. 929: Infraction of article 114 shall be penalized by an increase [administrative fine] of 2 per cent based on valuation of the goods covered in an entry filed after eight days from the time of arrival of carrying vessel.

Splitting shipments.—Article 105, Customs Ordinances, provides:

It shall not be permissible to include packages in one [manifesto] entry containing goods that must be cleared by different examiners, but as many sets of documents as there are classes of merchandise to be cleared by different examiners must be prepared; if, however, merchandise that normally would be examined by two or more examiners is contained in a single package, the entry shall not be split according to the division or sections by which the goods are examined, but shall be cleared as though belonging to one examiner.

The examination or appraiser's division is divided into sections, each in charge of the clearance of certain classes of merchandise, and the necessity for splitting shipments according to different classes of goods that obviously may be covered in one bill of lading results in increased stamped paper charges.

When importer is ignorant of contents of shipment.—The Customs Ordinances provide:

ART. 108. If the consignee is ignorant of or does not wish to expose himself to error in the declaration of the class, quality, and quantity of the goods he wishes to clear, the customhouse shall permit him to present the entry with notation that he is ignorant of all or of some of these details.

ART. 109. Under terms of the preceding article, the *contaduría*, before courting the entry, shall notify the warehouse division, in order that as soon as the package or packages, contents of which are not known, are received in warehouse, the interested parties be advised to present themselves for examination and subsequent classification of the goods on their own responsibility.

Article 110. The charges incurred in this operation shall be for account of the interested party.

Article 100, Customs Regulations of May 31, 1906, reads:

To permit the obtaining of the details, as determined by article 41 [of Law No. 4933] the customhouse may deliver to interested parties the complete set of documents [the entry, copy, and parciales ¹] in order that these may be filed within the legal term with specifications of description required. Upon delivery of these documents to the interested party, the customs shall retain bills of lading, taking receipt for the entry and documents so delivered, as a record that they were filed within the time allowed by articles 114 and 279 of the Customs Ordinances.

Period within which declaration must be made.—The Customs Regulations of May 31, 1906, provide:

ART. 101. If within eight days after completion of discharge by carrying vessel the documents have not been returned with the specifications required, the customs shall proceed in accordance with article 195 of the Customs Ordinances, the retained bill of lading serving as basis for action.

ART. 102. The period for declaration of contents of an entry under provisions of articles 108 and 280 of the Customs Ordinances, to which article 41 of Law No. 4933 refers, shall be counted from the date on which carrying vessel has finished discharging.

Article 195 of the Customs Ordinances provides that—

Consumption entries which after 15 days following completion of the discharge of carrying vessels have not been perfected through fault or negligence of consignee shall be cleared by the examiner without their presence or intervention, and consignees shall be estopped from protest of any nature relating thereto; storage and slingage charges shall be collected as applicable to bonded warehouse shipments, and if within 10 days after such clearance the merchandise in question has not been withdrawn from customs warehouses a surtax or fine of 5 per cent in duties shall be collected thereon.

Article 41 of Law No. 4933 treats of method employed when contents of packages are not known, but relates more particularly to bonded-warehouse entries. After the entry, consisting of the documents described at beginning of this section,² has been filed with the registry or entry division it is given a serial number and sent to a subdivision, where it is compared and checked with the general ship's manifest as to marks, numbers, weight and contents, and serial numbers of the entry. The name of importer or despachante signing entry is noted on the general ship's manifest. After this has been done the documents forming the complete entry are transmitted to another subdivision, where all are compared to insure that the same details have been declared in all documents, and the "copia de directo" is annexed to general ship's manifest. Then the original entry (importación or manifiesto), with the two parciales, is sent to another division denominated "de decretos" or decrees, whence it is transmitted to the office of the chief examiner or appraiser, where the examiner who is to make examination is assigned. Packages desired for examination are then indicated, and the examiner is at liberty to examine as many as he chooses, or all of the packages comprising the

¹ See footnote 4, p. 114.

² See p. 114.

shipment, should he so elect. He makes dutiable return and classification and remits the original entry (importación or manifiesto) with one "parcial" to the liquidation office, retaining one copy of the "parcial."¹ Here duties and other fiscal charges are liquidated and entry is sent to the cashier's office, where importer or despachante is permitted to check the liquidation before payment of duties.

Payment is made by depositing the equivalent of the liquidated amount in currency with the Banco de la Nación (of which a branch is established in the customhouse) in exchange for a certificate or cashier's check of that bank to the order of customs cashier. After paying this to cashier's office the importer or despachante receives the "parcial" and a receipt for amount paid, amount and date of payment being shown on both in perforated figures. The "parcial" or copy retained by examiner is kept by him until he has made examination of the goods, after which, if these agree with declarations in the entry, he notes this fact thereon and leaves the "parcial" with keeper of the warehouse where goods are stored with authority to deliver goods covered therein upon payment of duties by the interested party. Meanwhile, the importer or despachante exhibits the "parcial" on which payment of duties has been certified to the chief warehouse keeper, who after comparison thereof with the "parcial" left by examiner and, finding all in order, assigns it to a warehouse guard charged with checking the work of the examiner. The chief warehouse keeper may insist upon opening all packages of the shipment, contents of which have not been verified by examiner, should he so desire. The warehouse guard after checking details as to marks, numbers, etc., of the packages (routine matters to which examiners can not always give undivided attention owing to press of business) authorizes delivery of the packages to owner, importer, consignee, or despachante.

The foregoing is a brief outline of the routine attending clearance of a shipment entered for consumption. The interested party, upon examination, at which he should be present, has opportunity to object to or protest against definite dutiable returns and classifications made by the examiner.

Allowance for variation in weight.—A toleration (tolerancia) of 4 per cent in major differences is allowed as to weight found upon examination of the following articles dutiable on weight: Textiles and their manufactures, paper and cardboard, chloride of calcium, sugar, tobacco in bales, salts in wooden containers, chickory, and provisions preserved in salt, in bales, or wooden containers, and a margin of 2 per cent in differences of class, quality, or quantity in excess of or superior to those entered is allowed for all merchandise.

¹ See footnote 4, p. 114.

No fine or seizure is applicable in such cases, but duties are collected on differences found.¹

Labels and classification.—Article 39 of Law No. 4933 provides that—

Imported merchandise bearing labels attributing thereto qualities tending to enhance its price shall be classified according to denomination shown on labels.

Errors in documents.—Article 62 of the Customs Regulations of May 31, 1906, provides that—

Entered description of merchandise may not be altered and no claims from importers shall lie for errors committed in their documents, except in cases especially provided for in the Customs Ordinances, nor may collectors [administradores] permit amendment of any nature in this respect.

On this same subject article 426 of the Customs Ordinances provides that—

Correction of errors committed to the prejudice of importer, not discovered by him before cancellation of the entry in error, may be claimed within two years from date of cancellation or payment of the entry.

Article 427 of the Customs Ordinances provides that—

Only claims based on errors that are evident from documents in possession of the customhouse shall be considered; other proofs, foreign to these documents, shall not be admitted to establish error.

Article 430 of Customs Ordinances reads:

If after cancellation or payment of a document [entry] an error in calculation, as against the customhouse, should be discovered, the amount may be claimed from importer within two years from date of cancellation or payment of the document in error.

Article 433² of Customs Ordinances reads:

After two years from cancellation of a document neither the importer nor the customs may claim payment for errors of computations committed, and not previously discovered and notified, respecting import transactions. Claims of any other nature either by the customhouse against importer or vice versa, for which special limitation is not fixed in these ordinances, may not be formulated after 10 years, counted from date of entry of the steamer of importation to which the claim relates. * * *

Article 434 of Customs Ordinances provides:

Neither the customhouse nor the importer may enter claim or protest against the classification of merchandise after it has left the customhouse, the employees concerned in the clearance being liable to the Treasury for amounts short collected through their fault.

Reliquidation of short collected differences.—An instance was observed in Buenos Aires covering reliquidation of short collected differences for violation of article 29 of Law No. 4933, and article 195 of the ordinances involving 5 per cent increase in duties for nonwith-

¹ See art. 128, Customs Ordinances, as amended by Law No. 5527 of June 5, 1908.

² Periods in arts. 426, 430, and 433 were amended by art. 24 of Law No. 4933 and therein fixed at two years respecting errors in calculation, liquidation, and dutiable classifications.

drawal of goods from warehouse within the time specified in those articles. The shipments in question had arrived in 1910 and reliquidations covering short collection were received in September, 1915. Importers alleged prescription under the law, and appealed to the minister of finance. In January of 1916, pending his decision, the customhouse forced the matter to an issue by refusing to permit payment of other entries of this concern then in cashier's office, thus automatically stopping the course of all that firm's clearances. This is permitted when an importer is in arrears with the customhouse for any charges collectible there, whether duties, warehouse charges, slingage, or fines, etc.

Article 130 of Customs Ordinances provides that—

If the examiner finds the package examined to agree as to class, quality, and quantity [with entry], he shall proceed to classify the article for dutiable return in the presence of the interested party, according to the tariff.

Article 148 of Customs Ordinances provides that—

After clearance, classification for dutiable return, and delivery of an article, the customs shall not entertain protest or claim as to classification for dutiable return of quality, damage to the merchandise, shortage, leakage, theft, loss, or claims of a similar nature.

It will be noted that articles 426 and 433 of Customs Ordinances, cited above,¹ as amended by article 24 of Law No. 4933, are quite liberal, and afford ample time for the discovery of errors, but that articles 434 and 148, cited above,² fix a remarkably strict limitation for both importer and the customs as to deliberate classifications returned and accepted at the time of clearance. If the provisions of these articles are strictly adhered to, the Government is deprived of a right to investigate classifications after clearance of goods that usually is reserved to auditing systems. Any check of dutiable returns not directed toward the discovery of mere errors therefore would seem to be superfluous. The importer, estopped by accepting delivery of his goods from protest against a misapplied classification, would appear to have little time available for studying classifications returned respecting his goods, and no right at all to prosecute a protest that might be justified by honest difference of opinion between himself and the customs. It is true that means of protest are afforded him as described in section 8,³ but all such rights apparently are invalidated by failure of himself or despachante to take the proper steps in the very act of examination.

Samples absent in audit.—Samples of textiles, leather, etc., for audit, in conjunction with the paid entry and other documents are not extracted by the Argentine Customs, and under the operation of article 434, cited above,⁴ such provision for final audit, or course, would be practically futile.

¹ See p. 118.

² See pp. 118-119.

³ See p. 130.

⁴ See p. 118.

The reliquidation of differences due from the importer, such as administrative fines, after the lapse of five years from entry of the carrying vessel, makes for uncertainty in business and may involve serious loss to innocent importers.¹ An importer in good faith might be unaware of his liability for a minor infraction concerning simply the tardy removal of his goods, as in the case cited, though keenly alert touching the returned dutiable classification of merchandise imported by him.

Reliquidation and limitation.—For many years in Buenos Aires it has been the custom to allow a fixed breakage allowance of 5 per cent on electric-light bulbs, under the provision applying to plane and hollow glassware. Recently the customs decided to discontinue this practice, holding that the principal component material of the bulbs is metal and not hollow glassware. Importers of electric-light bulbs were not satisfied with this ruling and were preparing to contest it. The customs service in good faith believed itself clothed with authority to use as a means of establishing the new practice without opposition, the reliquidation of past importations covering a period of six or eight years, on the basis of collection of duties for the 5 per cent breakage allowed on shipments entered during those years. Whatever the merits of this particular controversy may be, this attitude illustrates well the dangers to bona fide importers under the existing statute of limitations. The addition of 5 per cent in duties already paid on the immense importations of such articles during so long a period, without calculation as to this contingency, might be disastrous to many houses, and the principle of customs legislation that permits this course should be of great concern to the importing community.

From a study of the requirements relating to ship's manifest,² bill of lading,³ and consular certificate of origin,⁴ it will be clear that much original detail essential to a thorough audit of customs import transactions is lacking under the Argentine system.

Provisions of pure-food law.—Article 42⁵ provides:

If alimentary products, adulterated or mixed with substances noxious to health, are presented for clearance at customhouses, the respective customs administration shall submit the same to the National Chemical Laboratories, and if this fact is established, the goods in question shall be destroyed, unless importer reexports the same within three days after notice. If reexported the respective administration shall specially mark the packages in such manner to preclude their clearance through other customhouses of the Republic.

The labels on containers of alimentary products of animal origin must show clearly the name of the product, weight of contents, name of packer, place of origin, and date of packing.

¹ See p. 118.

² See p. 109.

³ See p. 112.

⁴ See p. 114.

⁵ Law No. 4933.

Section 6. Method of calculating duties in Argentina and typical clearances through Argentine customhouses.

Though duties are levied in Argentine gold, in practice gold drafts or orders for their payment are purchased at the Banco de la Nación with paper pesos.

American cotton prints.—The following (A) illustrates an importation of 25,000 yards (22,860 meters) plain woven American cotton prints, 25 inches (63.5 centimeters) wide, weight per 100 square yards 15 pounds, 10½ ounces (8.500 kilos per 100 square meters, or 85 grams per square meter); assumed c. i. f. valuation, Buenos Aires, \$1,329.50; gross weight, 1,592 kilos (3,510 pounds); weight, including interior wrappings, labels, tags, tape, etc., 1,294 kilos (2,853 pounds); net weight, 1,234 kilos (2,720 pounds). These goods are dutiable under paragraph 2013, Official Valuation Tariff, at 25 per cent on an official valuation of ₧0.90¹ per kilo, on weight, including interior wrapping, etc.

1,294 kilos at ₧0.90=	₧1,164.60 gold, official valuation.	
25 per cent of ₧1,164.60.....		₧291.15
Surtax of 2 per cent on official valuation ₧1,164.60, collected for all goods whereon the percentage of duty exceeds 5 per cent of valuation.....		23.29
Storage, based on either official value, volume, or weight, as may be indicated for the paragraph of tariff applicable.—Law No. 4928 of Dec. 9, 1905. In this instance applicable at ₧0.25 for each ₧100 or fraction of official value, 12×0.25.....		3.00
Slingage or wharf charges (equivalent to two months storage charges).—Law No. 4928 of Dec. 9, 1905.....		6.00
Hoisting crane charges at ₧0.35 per ton or fraction, by measurement or weight, as indicated by bills of lading.—Law No. 4932 of Dec. 19, 1905, on 1,592 kilos, gross.....		0.70
Stamp or statistical tax of ₧0.20 per ₧100 or fraction of valuation, 12×0.20..		2.40
Total gold pesos.....		326.54
	Pesos currency.	
Reduced to currency at the legal rate of ₧0.44 gold to the paper peso.....		742.14
Stamped paper and stamp charges (₧2 currency) for entry and (₧1 currency) stamp for bill of lading.....		3.00
Total currency.....		745.14

This total is exclusive of drayage and despachante's charges. In January, 1916, an American dollar could be sold for ₧2.37 currency in Buenos Aires, and on that basis the duties and other charges shown for this shipment would equal \$314.41 United States currency which is 23.6 per cent of assumed c. i. f. value. It will be observed that this effective percentage is moderate, and not far removed from the theoretical percentage of 27 per cent contemplated under

¹ The Argentine gold peso is equal to \$0.9648 United States currency. The value of Argentine currency in relation to the gold is maintained on the basis that 1 peso paper is equal to ₧0.44 Argentine gold, which is equal to \$0.4245 United States currency. For general table of equivalents of measures, weights, and monetary values see Exhibit III, p. 246.

the tariff on an official valuation that is supposed to approximate commercial value.

Nickel watches.—The following (B) illustrates an importation of 1 gross nickel watches, assumed c. i. f. value, Buenos Aires, \$75 United States currency. The gross weight is 40 kilos (88 pounds). The goods are dutiable under paragraph 625, Official Valuation Tariff, at 5 per cent on an official valuation of ₧2 each:

144 watches, at ₧2 each=₧288 gold, official valuation.	
5 per cent of ₧288.....	₧14.40
Surtax of 2 per cent not applicable, as percentage collected is not over 5 per cent.	
Storage, ₧0.25 per ₧100 or fraction of official valuation, 3×0.25.....	.75
Slingage or wharf charges (equivalent to two months' storage charges).....	1.50
Hoisting crane charges.....	.35
Stamp or statistical tax of ₧0.20 per ₧100 or fraction of valuation.....	.60
Total gold pesos.....	17.60
	Pesos currency.
Reduced to currency at the legal rate of ₧0.44 gold to the paper peso.....	40.00
Stamped paper and stamp charges.....	3.00
Blanks (parciales furnished by customs agent).....	.50
Drayage.....	1.50
Despachante's fee (estimated).....	10.00
Total currency.....	55.00

55 Argentine pesos are equal to \$23.21 United States currency which is 30.9 per cent of assumed c. i. f. value at January, 1916, rate of exchange. Estimated despachante's and other local charges have been included in example "B" for purposes of illustration. Excluding these, fiscal charges are equivalent to \$18.14 United States currency which is 24.2 per cent of assumed c. i. f. value, a rate that is by no means prohibitive, but differs radically from the contemplated 5 per cent on approximate commercial value sought to be derived under the official valuation system.

Canned peaches.—The following (C) illustrates an importation of 10 cases canned peaches, assumed c. i. f. value, Buenos Aires, \$36.30 United States currency, 24 2-pound cans to the case, gross weight 260 kilos (573 pounds); weight, including tins, 240 kilos (529 pounds); estimated cubic measurement, 0.400 cubic meters (about 14 cubic feet). They are dutiable under paragraph 180 of the tariff at specific rate of ₧0.15 per kilo on weight, including tins. Official valuation ₧0.30 per kilo, also on weight including tins:

240 kilos at ₧0.30 per kilo=₧72 gold, official valuation. Deduct leakage or waste of 3 per cent for fruit in tins, allowed under rules of the tariff=₧69.84 official valuation.	
240 kilos, at ₧0.15 per kilo, specific, less 3 per cent leakage or waste allowance.	₧34.92
Surtax of 2 per cent on official valuation, ₧69.84.....	1.40

Storage on 0.400 cubic meters, at ₧0.03 per 0.100 cubic meters or fraction of this measurement.....	₧0.12
Stingage or wharf charges (equivalent to 2 months' storage charges).....	.24
Hoisting-crane charge.....	.35
Stamp or statistical tax of ₧0.20 per ₧100 or fraction of valuation.....	.20

Total gold pesos.....	37.23
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	Pesos currency.
Reduced to currency at the legal rate of ₧0.44 gold to the paper peso.....	84.61
Stamped paper and stamp charges.....	3.00

Total currency.....	87.61
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87.61 Argentine pesos are equal to \$36.97 United States currency which is 101.8 per cent of assumed c. i. f. value at January, 1916, rate of exchange. It is understood that fruit canning is not a protected industry in Argentina, and on account of the high duties on these goods, appreciable revenue is probably sacrificed by the Government through diminished importations. It may be reasoned that a high rate of duty, if it is uniformly applied, can not affect importation of a stated article, provided that a demand for it exists. Nevertheless, if an article, through excessive taxation, is placed in the category of luxuries by its retail price, and beyond the purchasing power of the average consumer, the demand must necessarily be limited to the taste of certain restricted classes able and willing to pay such retail prices.

Canned salmon.—The following (D) illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Buenos Aires \$37.30 United States currency, 48 1-pound cans to the case. The gross weight is 311 kilos (686 pounds), weight including tins 276 kilos (608 pounds). These goods are dutiable under paragraph 159 of the tariff at specific rate of ₧0.20 per kilo, on weight including tins. The official valuation is ₧0.35 per kilo, also on weight including tins:

276 kilos, at ₧0.35 per kilo=₧96.60 gold, official valuation. Deduct 2 per cent for decomposition, allowed under rules of the tariff=₧94.67, official valuation.

276 kilos, at ₧0.20 per kilo, specific, less 2 per cent allowed for decomposition.	₧54.10
Surtax of 2 per cent on official valuation, ₧94.67.....	1.89
Storage, ₧0.25 per ₧100 or fraction of official valuation.....	.25
Stingage or wharf charges (equivalent to 2 months' storage charges).....	.50
Hoisting-crane charge.....	.35
Stamp or statistical tax of ₧0.20 per ₧100 or fraction of valuation.....	.20

Total gold pesos.....	57.29
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	Pesos currency.
Reduced to currency at the legal rate of ₧0.44 gold to the paper peso.....	130.21
Stamped paper and stamp charges.....	3.00

Total currency.....	133.21
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133.21 Argentine pesos are equal to \$56.21 United States currency which is 150.7 per cent of assumed c. i. f. value at January, 1916, rate of exchange. A shipment of anchovies or of mushrooms of the same weight would pay exactly the same amount of duties as the salmon. Canned shrimps, under paragraph 136 of the tariff, would pay five-eighths of the specific rate on salmon, though given a higher official valuation. Canned sardines, under paragraph 236 of the tariff, would pay one-fourth of the specific rate on salmon, and are given a lower valuation. Admitting that the weight of sardine tins usually is greater in proportion to contents than that of the salmon cans, the salmon still suffers heavily through apparent although no doubt unintentional discrimination. Canned oysters, under paragraph 210 of the tariff, would pay one-fifth of the specific rate on salmon, and are given a lower valuation.

Men's woolen or worsted suits.—The following (E)¹ illustrates an importation of 1 dozen men's woolen or worsted sack suits (coats, vests, and trousers), summer weight, with or without admixture of cotton or other vegetable fibers, imported in the same shipment and under the same bill of lading. The assumed c. i. f. value, Buenos Aires is \$116 United States currency. They are dutiable under paragraph 2196 of the tariff at 40 per cent on an official valuation of ₧15 per suit:²

12 suits at ₧15 each=₧180 gold, official valuation.	
40 per cent of ₧180.....	₧72.00
Surtax of 2 per cent on official valuation, ₧180.....	3.60
Storage ₧0.25 per ₧100 or fraction of official valuation.....	.50
Slirgage or wharf charges (equivalent to 2 months' storage charges).....	1.00
Hoisting-crane charge.....	.35
Stamp or statistical tax of ₧0.20 per ₧100 or fraction of valuation.....	.40
Total gold pesos.....	77.85

Pesos currency.

Reduced to currency at the legal rate of ₧0.44 gold to the paper peso.....	176.93
Stamped paper and stamp charges.....	3.00
Total currency.....	179.93

179.93 Argentine pesos equal \$75.92 United States currency, which is 65.4 per cent of assumed c. i. f. value at January, 1916, rate of exchange. In contrast to the foregoing example of liquidation, attention is invited to example "F" which follows. In it the liquidation of the identical lot of clothing is sketched, but with the difference that it is assumed that "E" has been split up into two or more different shipments in such manner as to avoid the introduction thereof as complete suits, i. e., trousers are supposed to have been imported separately from the coats and vests.

¹ See facsimile opposite, p. 124.

² If lined with silk or mixed silk, an additional tax of 20 per cent is applicable.

Federal Trade Commission.

PLATE VIII.

Deposito Duques. 3 Sección 5^a
- confecciones -
IMPORTACIÓN



030,941

LIQUIDACIONES

Entrada al Puerto Diciembre 31 de 1915
Registro N.º 5431
Fecha de la presentación: febrero 7 de 1916
Manifiesto presentado para despacho los artículos enviados
no al vapor: Buena Fortuna
procedente de New York.

OBSERVACIONES

	Nº 1	Nº 2	Nº 3
<i>Deuda, propina</i>			
<i>Entrada al 40%</i>	<i>72 -</i>		
<i>Adicional</i>	<i>260</i>		
<i>Excedente</i>	<i>040</i>		
<i>Almacén 12 meses</i>	<i>050</i>		
<i>Auto. 15/12/16</i>			
<i>Embargo</i>	<i>100</i>		
<i>Suma</i>	<i>085</i>		
<i>Multa al 7%</i>			
	<i>4485</i>		
<i>Comisión por</i>	<i>12695</i>		

Gravado sobre el valor de los bienes 7%.
Original de la manifestación N.º 5431, febrero 7 de 1916. Rubricado por el Jefe de Aduana y el Jefe de Registro. Buenos Aires, 12 de Mayo 1916.

MARCAS	NÚMEROS	CONTENIDO	AFOROS	NÚMERO DE TARTA	AL %	BASES DE DEDUCCIÓN	VALOR
<i>R.C.</i>	<i>5.</i>	<i>1100 cajas con 12 docenas de</i>					
		<i>fruta llamada de la era 6</i>					
		<i>envasada forma saco</i>	<i>unos \$ 15-</i>	<i>2196</i>	<i>40%</i>	<i>Valor -</i>	<i>\$ 180.-</i>
		<i>Por bruto 100 cajas de la</i>					

ARGENTINE CUSTOMS IMPORT ENTRY (IMPORTACIÓN OR MANIFIESTO).

[illegible]

The following (F) is a shipment of 1 dozen men's woolen or worsted suits, with or without admixture of cotton or other vegetable fiber (coats and vests in one shipment and trousers in another). The coats are dutiable under paragraph 2186 of the tariff, at 40 per cent on an official valuation of ₱4 each. The vests are dutiable under paragraph 2113 of the tariff, at 40 per cent on an official valuation of ₱3 each:

12 coats, at ₱4 each.....	₱48.00
12 vests, at ₱3 each.....	36.00
Official valuation.....	84.00
40 per cent of ₱84.....	33.60
Surtax of 2 per cent on official valuation, ₱84.....	1.68
Storage ₱0.25 per ₱100 or fraction of official valuation.....	.25
Slingage or wharf charges (equivalent to 2 months' storage charges).....	.50
Hoisting-crane charge.....	.35
Stamp or statistical tax of ₱0.20 per ₱100 or fraction of official valuation.....	.20
Total gold pesos.....	36.58
Pesos currency.	
Reduced to currency at the legal rate of ₱0.44 gold to the paper peso.....	83.14
Stamped paper and stamp charges.....	3.00
Total currency (coats and vests).....	86.14

Trousers dutiable under paragraph 2166 of the tariff at 40 per cent on an official valuation of ₱48 per dozen.

40 per cent of ₱48.....	₱19.20
Surtax of 2 per cent on official valuation, ₱48.....	.96
Storage, ₱0.25 per ₱100 or fraction of official valuation.....	.25
Slingage or wharf charges (equivalent to 2 months' storage charges).....	.50
Hoisting-crane charge.....	.35
Stamp or statistical tax of ₱0.20 per ₱100 or fraction of official valuation.....	.20
Total gold pesos.....	21.46
Reduced to currency at the legal rate of ₱0.44 gold to the paper peso.....	48.77
Stamped paper and stamp charges.....	3.00
Total currency (trousers).....	51.77
Duties and charges on coats and vests.....	86.14
Duties and charges on trousers.....	51.77
Total currency.....	137.91

137.91 Argentine pesos equal \$58.19 United States currency, which is 50.2 per cent of assumed c. i. f. value at January, 1916, rate of exchange, as against \$75.92 United States currency, or 65.4 per cent of assumed c. i. f. value, if the suits were imported complete. Obviously three of the minor charges—hoisting crane and stamped paper and stamp charges—have to be met on each lot when the shipment is split, but in large shipments divided as in "F" these

charges would be negligible, in comparison with the advantage to be derived through this legitimate method of evading the higher duty on complete suits. The merchant not aware of this and other methods of classification of the tariff clearly is at a disadvantage in competing with the importer who knows how to avail himself of such defects in the law. If the articles are lined with silk or mixed silk, an additional tax of 20 per cent is applicable.

Tariff on paper in Argentina.—The duties on paper in the Argentine tariff law are intended primarily for the protection of the domestic paper industry. These duties are opposed by the leading Argentine newspapers—*La Nación* and *La Prensa*—but the industrial interests are able to maintain the protection. There are five paper mills of importance in the Argentine. Their chief products are wrapping paper, white machine-finished book and writing paper, card-board of cheap quality, colored poster paper, and some news print paper. No native material is used in the production of this paper. Everything is imported, including the skilled labor and fuel. Practically all the wood pulp is imported from Scandinavian countries. In normal times the production of news print paper in the domestic mills amounts to about 10 per cent of the country's consumption. They supply about 80 per cent of the white machine-finished paper and about 90 per cent of the wrapping paper consumed in Argentina.

In examples "G," "H," "I," and "J" four complete clearances of paper, showing the duties and charges collected by the customhouse at Buenos Aires, are illustrated. The net and exact invoice value is also used in arriving at effective percentages paid in duties. A study of these cases shows the inconsistencies of the Argentine tariff on paper and the obvious protective character of the duties.

The following (G) is a shipment of 10 rolls of wood-pulp white news print paper, the invoice value of which is \$283.50 United States currency net. The gross weight is 4,500 kilograms, or 9,921 pounds. It is dutiable under paragraph 2595 of the tariff law as amended by Executive decree of February 17, 1915, at the specific rate of ₧0.01 per kilo, gross weight, with a tare allowance of 10 per cent. The official valuation of ₧0.06 is fixed for the purpose of levying other charges. Four thousand five hundred kilos, less the tare of 10 per cent, equals:

4,050 kilos at ₧0.01 specific duty.....	₧40.50
2 per cent surtax on official valuation of 4,500 kilos at ₧0.06, less tare allowance of 10 per cent.....	4.86
Storage, ₧0.05 per month for each 100 kilos or fraction.....	2.25
Slingage (equivalent to double the storage charges).....	4.50
Crane charges, ₧0.35 per ton or fraction.....	1.75
Statistical tax of ₧0.20 for each ₧100 or fraction of official valuation .....	.60
Total gold pesos	54.46

This equals ₧123.77 Argentine paper or \$52.22 United States currency which is 18.4 per cent of the net invoice value.

The following (H) represents a shipment of very thin grade of white newsprint paper used for calendar pads, of the same quality as "G" but thinner. The shipment is of 10 rolls, with an invoice value of \$151.88 United States currency net. The weight is 2,250 kilos (4,960 pounds) gross. It is classified under paragraph 2594 at ₧0.08 per kilo specific. The official valuation is also ₧0.08 per kilo. Duties are levied on gross weight when packed in this form, and no tare allowance is made under this paragraph:

2,250 kilos, at ₧0.08 Argentine gold specific.....	₧180.00
Surtax of 2 per cent on official valuation.....	3.60
Storage.....	1.15
Slingage.....	2.30
Crane charges.....	1.05
Statistical tax.....	.40
Total gold pesos	188.50

This is equal to ₧428.41 Argentine paper or \$180.76 United States currency which is 119 per cent of net invoice value.

"I" and "J" are shipments of cheap writing paper, the one white, the other blue. While they are of the same value in the United States, the tariff law discriminates against the latter, so that it is hardly possible to sell cheap colored writing paper in Argentina. The details of these clearances will bring out the contrasts.

The following (I) covers white bond writing paper (of any size) in reams. The weight is 2,500 kilos gross, and 2,200 kilos or 4,850 pounds net. The invoice value is \$319 United States currency net. It is dutiable under paragraph 2597 as amended by executive decree of February 17, 1915, at ₧0.03 specific per kilo net weight. The official valuation is ₧0.15 per kilo for the purposes of surtax and other charges. Duties are levied on net weight because of form in which paper is packed:

2,200 kilos, at ₧0.03 Argentine gold specific.....	₧66.00
Surtax of 2 per cent on the official valuation.....	6.60
Storage (2,500 kilos gross weight).....	1.25
Slingage.....	2.50
Crane charges.....	1.05
Statistical tax.....	.80
Total gold pesos.....	78.20

This is equal to ₧177.73 Argentine paper or \$75 United States currency which is 23.5 per cent of the net invoice value.

The following (J) illustrates a shipment of colored bond writing paper larger than foolscap size, in reams, and invoice cost is exactly the same as "I" per ream (\$1.45 United States currency). It weighs 500 kilos gross and 440 kilos (970 pounds) net. The invoice value is \$63.80 United States currency net. It is dutiable under 2609, a

"catch-all or blanket" paragraph. The official valuation is ₧0.40 Argentine gold per kilo net weight, because of form in which it is packed, and duty is 25 per cent of this valuation:

25 per cent of 440 kilos, at ₧0.40 per kilo.....	₧44.00
Surtax of 2 per cent on official valuation of ₧176.....	3.52
Storage (on valuation).....	.50
Slingage.....	1.00
Crane charges.....	.35
Statistical tax.....	.40
Total gold pesos.....	49.77

This equals ₧113.11 Argentine paper or \$47.73 United States currency which is 74.8 per cent of the net invoice value.

There is, of course, no reason why one of these papers should pay 23.5 per cent and the other 74.8 per cent. This is undoubtedly a defect in the Argentine tariff law. There is no provision made for colored writing or book paper larger than foolscap. As a result these papers are classified as "other papers not mentioned." This duty is excessive on many grades of cheap paper. This anomaly is clearly due to the lack of complete or detailed classification.

Section 7. Fines and seizures.

Documents missing.—An administrative fine of 2 per cent, based on valuation, is levied on shipments if documents necessary to perfect the entry are not presented within 8 days after arrival of the carrying vessel. If the goods are entered with the notation "Contents unknown"¹ the entry must be completed as to description of contents within 16 days after carrying vessel's arrival, or within 8 days after discharge of merchandise into the customs warehouse should this period be shorter than the 16 days allowed after steamer's arrival. Violation of these regulations subjects the interested party to a fine of 5 per cent, based on valuation, official or appraised, according to basis on which duty is collected. Administrative fines amounting to 12 per cent of valuation thus may accumulate on goods under certain conditions. For example: Shipping documents do not arrive until two months after arrival of carrying vessel, and the importer has not taken steps to cure this defect through filing of a bond conditioned upon their production. The importer is ignorant of classification, from details available, or chooses to allege ignorance, and it is necessary to file entry with the declaration "Contents unknown." A fine of 2 per cent may be imposed for nonpresentation of entry within 8 days after arrival of carrying steamer. Another fine of 5 per cent may be imposed for failure to complete description in entry within 16 days after arrival of vessel, or within 8 days after discharge of goods into warehouse should this period expire sooner than that of 16 days

¹ See p. 115.

after arrival of vessel. A third fine of 5 per cent may be imposed in this instance for nonremoval of goods within 30 days of their discharge into customs warehouse.

In this connection the Customs Ordinances provide:

ART. 191. Merchandise entered for consumption may not remain in customs warehouse more than 15 days preceding clearance and 10 days after clearance.

ART. 192. If within 15 days clearance has not been effected, storage charges and slingage [wharf charges] shall be collected thereon as though entered for bond, and if within 10 days after clearance goods have not been removed from warehouse they shall pay an additional 5 per cent in duties.

Difference found upon examination.—Article 930 of the Customs Ordinances reads:

Differences in a major sense, found upon examination of consumption entries, if they exceed the toleration¹ allowed by article 128 [and Law No. 5527 of June 5, 1908, amending that article] shall be confiscated if relating to class or quantity and penalized with double duties if they be of quality and exceed the toleration allowance,¹ and the penalty so resulting from clearance shall be for benefit of the examiner verifying difference.

The Supreme Court (Case CCXXXIII) established the principle that—

When what is entered and really found upon examination are not the same articles or objects that differ only in a greater or lesser degree as to material, or as to finer or more ordinary grade, the difference is of class and not of quality.

The same tribunal decided (Case CXL) that the excess found above merchandise entered is subject to confiscation, even though application for amendment of the entry has been made, provided that such application is filed after examination has begun.

Penalty commuted for voluntary declaration of error.—Article 934 of Customs Ordinances provides that—

When the interested party, before examination of the entry has begun, notifies the examiner that an error of lesser declaration has been committed, the penalty of confiscation provided for in article 930 shall be commuted to payment of the fine of double duties, in favor of the treasury, and the fine of double duties under the same circumstances to a surtax or fine of 2 per cent for the difference, added to the ordinary duties, likewise for benefit of the treasury.

Confiscation for fraud.—Article 59 of Law No. 4933 reads:

If upon examination of any package a fraud is proven that is penalized with confiscation, this shall apply to the entire contents of package, even though the intention to defraud existed respecting a part of contents only, provided that the value of such part amounts to 50 per cent of the entire value of contents.

Remitting fines and penalties.—The Customs Ordinances provide:

ART. 1056. Administradores [collectors] may not impose penalties greater than those determined by these ordinances, but are empowered to diminish them, provided sufficient cause for such action is evident from the record.

¹ See p. 117.

ART. 1057. They also may remit all penalties, even when the infraction appears evident and proven, provided that it is due to incorrect declaration resulting from errors that are evident and that could not pass undiscovered.

A large number of contingencies penalized by fines and seizure are provided for under Argentine law, but the foregoing have been cited as most likely to be applicable in the case of normal consumption entries.

Section 8. Protests and appeals.¹

Article 29 of Law No. 4933 provides that—

* * * If within 15 days from the discharge of merchandise entered for consumption, and within 10 days from the filing of withdrawal in respect of goods in bond, the interested party has not appeared to attend clearance, examiners shall proceed therewith without his presence or intervention, and no claims or protests of any nature shall be entertained.²

Article 67³ of Law No. 4933 reads:

Appeal from condemnatory decisions of administradores [collectors] may be taken to the minister of finance, in the form prescribed by preceding article. The election of administrative appeal by interested parties shall have the effect of waiving judicial appeal, and vice versa.

Article 139, Customs Regulations of May 31, 1906, provides that—

Collectors may not review their own decisions, nor those of employees acting for them, rendered in the course of administration, unless errors of fact are involved.

Decree of June 5, 1907, published in Official Gazette No. 4069 of June 7, 1907, provides in substance:

ART. 1. For the constitution of a tribunal de vistas [board of appraisers or examiners] under presidency of the chief examiner.

ART. 2. That members thereof shall be selected with a view to having representation thereon by the different sections [classifying and examining different classes of goods] of the examiner's or appraiser's office. * * *

ART. 13. That the board of examiners shall decide by absolute majority of votes:

(1) Differences arising between importers and examiners clearing goods as to the tariff paragraph applicable.

(2) Questions submitted by the customs administration, or by the minister of finance through medium of the customs administration. * * *

ART. 15. That no decision shall be made without previous notice, indicating date and hour of hearing, given two days in advance to the interested party by registered post, and absence of the interested party after such notice shall not suspend immediate decision of the case under consideration. * * *

ART. 17. That if in doubt respecting application of the tariff, the interested party may apply to the chief examiner, who shall convene the examiners of the section charged with classification of the class of goods in question, and so establish classification. Appeal from such decision may be taken to the board of examiners. * * *

¹ See also discussion of limitation under sec. 5, this chapter, pp. 119-120.

² Art. 133 of Customs Ordinances reads: "When the interested party does not attend in the act of classification for dutiable return he shall forfeit the right of protest against such classification established by the examiner in his absence."

³ Art. 66 allows three working days from time of collector's decision and directs him to transmit certain appeals to the Inspector general of revenue, who in turn forwards these to the minister of finance for decision after opinion rendered by the solicitor of the treasury.

ART. 19. That unanimous decisions of board of examiners are final as to the cases provided for in article 17 when they confirm conclusions of the examiners of the section in charge of classification of the merchandise under discussion. If one or more dissenting votes are recorded in reaching the decision on appeal to the board of examiners as provided for in article 17, appeal may be taken to the minister of finance and must be filed with the collector within three days after notification of decision.

* * *

Section 9. Smuggling and irregularities.

Corrective fines and other penalties are employed freely by the Argentine Government and largely relied upon for the suppression of irregularities. The present customs administration has made a record for severity in dealing with infractions of the customs laws, notably at the capital under direction of the able administrator of customs, Dr. Alberto Caprile. If illicit introduction still exists, and it is claimed that the practice has not been entirely stamped out, this may be ascribed to defective machinery provided for the control and audit of customs transactions, and certainly not to the principal customs officers. The revenue is placed in jeopardy, and complete control may be defeated through any of the following circumstances recognized under Argentine law:

(1) The ship's manifest may be amended under the most liberal conditions.

(2) The bill of lading is required to be anything but detailed as to nature of the goods covered therein.

(3) The certificate of origin may be vague, as elsewhere explained.

(4) The statement of value is not required on documents originating at port of shipment.

(5) Nomenclature or descriptive matter, though declared in the entry to meet description in the tariff when goods provided for either on a specific or an official valuation basis are in question, originates with the importer or his agent, and is not strictly limited by descriptive matter in any original documents held by the customs for purposes of control and audit.

(6) Before beginning of clearance or examination, the interested party may confess error or false declaration in his entry, and obtain complete immunity from seizure for differences of class or quantity misstated, electing a fine of double duties, and by confessing difference of quality may escape with a fine of 2 per cent levied on that difference.

It is understood that 48 regular, 8 postal, and 8 pharmaceutical examiners are employed at the Port of Buenos Aires. Theoretically the regular examiners are assigned to duty in different warehouses every 30 days. These men work under high pressure; they must in order to keep their work up to date. Examination of goods necessarily is rapid, and little time is available for investigation of any but

the most striking characteristics of shipments that present themselves most obviously upon examination. Some of the duties of examiners may be, and are, delegated by them to other employees.¹

Unscrupulous importers, who, of course, are in a minority, do not fail to avail themselves of these and other conditions favorable to their ends. It is doubtful whether the system of allotting the fine, the value of the seizure, or a portion of either to customs employees as part of their emoluments has the effect sought and contemplated under the law. Its tendency is rather, and quite naturally, toward a tightening of the regulations against minor offenders, perhaps innocent of intent, who may have entered erroneous declarations as to quantity, quality, etc., involving no great amounts, and the rigid application of penalties touching such infractions for the purpose of making a showing of zeal on behalf of the employee concerned. A really serious offender, if detected in an important smuggling transaction, would scarcely hesitate in bidding against the Government for immunity. Reduced to essentials these premiums place the Government in the position of bargaining with the officials for the faithful and full performance of their duty.

A talented despachante always is an asset to an importer; reputable houses rely on him to protect every step of their clearances, and others have been known to utilize his services in questionable activities. He knows the ins and outs of customs procedure better than anyone else, and he is in constant touch with customs employees. If he takes care that his relations with them are of the best, no evil intention is necessarily implied; it is simply sound business policy. It would be strange indeed if the personal equation did not occasionally direct official action along the lines of least resistance. The despachante's astuteness in dealing with the customs, and his promptness in clearing goods, may be the measure of success for his client; this is one of the reasons why despachantes are retained and well paid by most houses of importance. He is a factor to be reckoned with in most countries discussed in this report, and his importance in the whole scheme of customs clearance is incomparably greater than that of the customs broker or agent in the United States.

Section 10. Valuation.

Article 22 of Law No. 4933 provides that—

In cases falling within article 12 [of this law], and in all others covered in the law, when duty on an ad valorem basis is leviable on articles not classified, the entered value shall include cost price of the goods at the port of shipment supported by the original invoices, plus freight, insurance, and other charges commonly incurred up to the time of entry of the goods into customs warehouse of discharge.

¹ Art. 931, Customs Ordinances.

Article 45, Customs Regulations of May 31, 1906, provides that—

In those customhouses where the number of the personnel permits of this course, at least two examiners shall officiate in the clearance of goods dutiable on declared [entered] value [ad valorem].

The inclusion of ocean freight as an element in the value of goods dutiable at true ad valorem rates is unfavorable to countries in competition with others where lower freight rates are obtainable.

No fine for undervaluation is provided under the Argentine laws, although the Government may take over a shipment or articles dutiable ad valorem, at the entered value, plus 10 per cent, paid to importer, under the provisions of article 134, Customs Ordinances. While this is rarely done, it was reported that a few important jewelry shipments were taken over in this way. When the examiner is in doubt as to entered values appearing in the manifesto (entry), he may refuse to clear the goods until original invoices are produced. It was explained by those well acquainted with Argentine customs practice that invoices conforming to entered values are always kept at hand by people who make a practice of underdeclaring, and that difficulty in undervaluing goods paying straight ad valorem rates is rarely experienced.

The unqualified statement is made that certain exporters, either to hold the business or because such action is required by their consignees in some countries of Latin America, supply them with blank commercial invoice forms identical with those used in their regular export transactions. With the aid of these nothing is simpler than the manufacture of an invoice to conform with entered values, should a suspicious examiner demand original documents. A shipment of glass articles not provided for under the tariff came under observation. The value of the goods, including all charges, was \$112.10, according to true original invoice. Value (net), as declared in bill of lading, was \$94. It is needless to explain that the shipment was of American origin, since there was a declaration of value in shipping documents. These articles not being provided for in the Argentine tariff, were dutiable at 25 per cent ad valorem. The despachante employed by importer entered a dutiable value of ₧18 Argentine gold (\$17.37 United States currency), paid his duty and surtax (27 per cent) on this basis, and took delivery of his goods. Duties and all charges, including the despachante's commission, amounted to ₧40 currency or \$16.98 United States currency, whereas the same charges had duties been collected on the value appearing on back of bill of lading—the original of which throughout the whole transaction was in possession of the customhouse—would have reached \$37.67 United States currency, and had all dutiable charges such as freight, insurance, commission, etc., been included, would have been \$43.22 United States currency. The despachante who put this

through thought his services worth ₧20 currency (\$8.49 United States currency), or exactly one-half of all the charges.

This case is not by any means unique, but has been commented on more extensively because all supporting documents were available. The fact that a bill of lading with true net value expressed therein was in possession of the customhouse, that this value was entered in ship's manifest, and that a comparison of these with the value declared in the entry prepared by the broker could have been made at any time, proves the uncertainty of the Argentine customs audit system. An experienced despachante also recommended that American shippers should not enter the value of their goods in the bill of lading or ship's manifest, as European shippers do not follow this practice.

Actual clearance of imported goods was witnessed in one of the customs warehouses. It happened that one of the shipments examined consisted of 120 gross pairs of cotton and elastic sleeve bands or holders. The entered value of this case was ₧96 Argentine gold (\$92.64 United States currency, or just 77.2 cents United States currency per gross pairs). The net wholesale price in New York is about \$2.90 per gross pairs, no commissions, freight, or other charges included. The shipment in question, therefore, was entered at one-fourth of its true value. When the question of value was raised by the examiner, the importer's agent promptly produced a letterpress copy of the "invoice." It was in entire harmony with the declared or entered value. All customs officials who were questioned on the matter of valuation stated that under the existing system they are not able to determine correct values.

An instance of sleeve holders imported into Uruguay that was observed, may be here referred to by way of contrast. These goods are dutiable under paragraph 805 of the Uruguayan tariff law at 45 per cent on an official valuation of ₧0.60 (\$0.62) per dozen pairs. Sleeve holders identical in quality with those examined in the Argentine customs warehouse were imported by a house in Montevideo and were classified by the custom house under paragraph 805. The importer decided not to clear the goods in Uruguay because the duty was too high, and arranged to reship them to Argentina and enter them there under the straight ad valorem rate. The importer would have had no greater difficulty with the Uruguayan customs respecting declared value if the goods had not been so clearly and specifically provided for under the Uruguayan tariff.

The practice of undervaluation exists because, as a rule, the examiners or vistas are not experts in the appraisal of goods and because the Government does not furnish an adequate way for correcting undervaluation when it is detected by the examiner. It is natural for an importer to exert pressure toward return of his goods under ad valorem in preference to official valuation paragraphs, as every

remaining check on dutiable quantity is thereby eliminated. In some cases undervaluation is made very profitable both to the importer and the despachante. An example may be cited of the importation of expensive French furniture, dutiable under paragraph 556 of the tariff. The rate is *ad valorem*, 40 per cent. If the furniture is worth 25,000 francs the importer has an invoice made out for perhaps 12,500 francs. He then informs his despachante that of what he saves in undervaluation below this point a share is for his account, thus supplying a stimulant toward astute dealing with the customs. Either because of the unfamiliarity of the vista with market values or by means best known to the despachante the goods are cleared through the customs at a valuation of let us say 5,000 francs. One despachante in Buenos Aires is reputed to have made a large amount of money by entering furniture in this manner.

Section 11. Abandonment and sale of abandoned or unclaimed goods.

Below are given certain of the provisions in the Argentine law on abandonment of goods:

ART. 295.¹ If unclaimed goods of unknown origin are found in bonded warehouses, their existence there shall be published in the newspapers during 15 days, and lacking such means, through posters, with indication of the number, mark, and packing, and if at the expiration of this period the interested party has not appeared, they shall be sold at public auction.

ART. 296. From the net proceeds of such auction, the import duties and other charges caused by the goods shall be deducted, and the remainder deposited in the general cashier's office for account of the payment of damages and losses of unknown origin.

ART. 117.² Customhouses shall observe the same procedure respecting unclaimed baggage, samples, and parcels as that for unclaimed packages established by articles 295 and 296 of the Customs Ordinances.

The customs sell at public auction to the highest bidder merchandise that has been abandoned for any reason, and after deducting duties and other charges caused, pay the remainder, should there be any, to the interested party, if he is known or claims it. The customhouse is authorized to disapprove the auction sale if in its judgment a fair price has not been obtained. Goods may be sold for less than cost and fiscal charges, should no greater bid be offered, and a condition analogous to that in Brazil and Uruguay exists in this respect. Damaged merchandise, especially that which has suffered deterioration through long storage in bonded warehouses, also is sold under the same conditions; and the bidding in of abandoned goods at customs auction sales is a well-developed business in Buenos Aires. Auction sales there during 1915 amounted to some ₧605,658.11 currency (\$257,162.43 United States currency), an item of some importance. As previously stated, the customs administration may challenge sales, but rarely exercises this right.

¹ Customs Ordinances.

² Customs Regulations of May 31, 1906.

It need scarcely be pointed out that if it is possible or not expressly forbidden under the law to place salable goods, whether abandoned or confiscated, on the market through auction sale, without full payment of duties thereon, bona fide dealers in the lines so disposed of are discriminated against.

The following advertisement appearing in "La Prensa," Buenos Aires, January 9, 1916, is interesting and partly reveals the magnitude of abandoned goods customs sales in Buenos Aires:

Auction sale is announced for January 13 and 14, 1916, of the following: 1,800 crates tiles, 200 cases mineral water, 80 walnut logs, 12 cases empty cartridges, 250 bales empty bottles, 210 earthenware lavatories and wash basins, 3,000 kilos calcium carbide, 8,000 kilos iron for tanks, 500 barrels Roman cement, 4 cases metal polish, 6 cases oilcloth, 4 casks cognac, 110 casks magnesia, 300 earthenware water-closets, 3,000 kilos iron pipe and fittings, 6 cases Bengal lights, 500 cases mineral water, 4 cases varnish, 271 sheets plane glass, 2 casks whisky, 500 packages straw bottle wrappers, 33 crates manufactured slate, 10 cases liquid paint, 52 rolls tarred cordage, 1 case bottled ammonia, 2 marble statues with pedestal, 20 cases glass, 10 bags sulphate of baryta, 1 case liquid and paste shoe polish, 10 bottles absolute alcohol, 40 drums tar, 400 bags artificial fertilizer, 50 bales jute, 18 barrels mineral tar, 2 bales matting, 15 demijohns sulphuric acid, 300 demijohns gin, 2 barrels borate of soda, 1 demijohn glycerine, 16 crates asphalt bricks; 1 case mine fuses, 1 barrel vermouth, 35 bales vegetable fibers, 4 barrels varnish, 1 case enameled douches, 3 barrels resin, 24 barrels colors, 5 casks cod liver oil, 2,000 kilos bars, 10 bags sulphur, 1 case wads, 2 cases matches, 2 barrels cottonseed oil, 2 barrels lampblack, etc.

As explained, some of the goods sold at auction are damaged, others are not, and no law can be found that expressly requires the proceeds of auction to bring full value plus duties and other charges.

Section 12. Licenses and samples of commercial travelers.

Commercial travelers' licenses.—Commercial travelers who solicit trade in the Provinces of the Argentine Republic must pay heavy license fees in each one of them. The license fee is referred to as a "patente." The license fees or patentes expressed in Argentine pesos (₧1 equals \$0.4245 United States currency) charged by the various Provinces are as follows:¹

Province of Buenos Aires: All commercial travelers pay an annual patente of ₧400.

Province of Santa Fé: The same rate as in the Province of Buenos Aires.

Province of Entre Rios: A patente of ₧600 per annum; if taken out after June 30, ₧300 to the end of the year.

Province of Córdoba: An annual patente of ₧400; if taken out after June 30, ₧200 to the end of the year.

Provinces of Santiago del Estero and San Luis: An annual patente of ₧300.

Province of Salta: A sliding scale for different classes of merchandise, ranging from ₧1,000 per annum for cloth and dress materials or sugar and ₧800 for ready-made clothing, down to ₧100 for soap and candles and ₧60 for empty sacks. All patentes in this Province can be taken out semiannually.

¹ These data were compiled by the Commercial Defense League and are taken from The Argentine Yearbook, 1915-16, pp. 97-98.

Province of San Juan: The patentes issued are in four-month periods, namely, from January to April, ₧400; from May to August, ₧300; from September to December, ₧200; so that all classes of firms offering goods the whole year round have to pay a total of ₧900 per annum.

Province of Mendoza: The patentes are, from January to April, ₧600; May to August, ₧500; and September to December, ₧400; a total of ₧1,500 per annum.

Province of Corrientes: Commercial travelers who sell solely to business houses have to pay a patente of ₧600 per annum; those who sell to private houses, ₧1,000.

Province of Jujuy: Commercial travelers representing one firm, ₧200 per annum; for each additional firm represented, ₧100.

Province of La Rioja: An annual patente of ₧200; after June 30, ₧100 to the end of the year.

National territories: An annual patente of ₧100.

In defense of these patentes it is argued that since those engaged in established businesses have to pay licenses, it is not equitable to exempt the commercial trader who solicits business for a foreign manufacturer from like taxes. There is force in this suggestion. If the system of taxing directly business and trade is justified, these patentes are logically a part of it.

In many cases the payment of these patentes is avoided. This conclusion might be drawn from the fact that few manufacturers could afford to pay them for commercial travelers in the provinces. There are several ways by which payment of them is avoided. Traveling men sometimes go about the country representing themselves to the authorities as mechanics or repair men; they often carry a kit of tools. Secretly they solicit orders for some line of goods. Arrangements are also made by traveling men with local houses whereby orders are solicited by the former but recorded and taken in the name of the latter.

It need hardly be said that if a traveling man is caught by the authorities soliciting goods without a license he is punished.

Samples of commercial travelers.—The Customs Regulations of May 31, 1906, provide as follows:

ARTICLE 33. Samples carried between parts of the Republic by commercial travelers may be cleared without collection of duties, provided that interested parties submit to the collector of customs an application setting forth in detail the articles carried of this nature, which, after verification by examiner and found to agree as to details shall be laden immediately, under guard.

Upon their return, the same interested parties shall file another application requesting free entry of the articles, which shall be granted as soon as identification thereof is completed by the examiners.

ART. 34. Merchants who wish to import sample lines of merchandise free of duties, shall file an application with the minister of finance, setting forth their contents in detail, and upon the establishment of its correctness clearance shall be granted under bond in the usual form for 180 days conditioned on payment of duties, if the articles may be used for sale and they are dutiable. The bond shall be effective if at the expiration of that period the samples have not been reexported.

ART. 35. Before delivery of the sample collection customhouses shall require statement of all details pertaining thereto, in the respective entry.

Arrangements can be made for clearance of samples under guarantee or bond through a despachante having an importer's "patente," or with friendly business houses carrying such a license.

Section 13. Commercial laws.

Certain defects in the commercial laws of Argentina are a serious hindrance to trade. Bankruptcy laws do not protect sufficiently the creditor. Nor is there a chattel mortgage or conditional sale law which will protect the manufacturer who sells on time such goods as typewriters, cash registers, adding machines, etc. Definite efforts, however, are now being made to have this defect corrected by the Argentine Congress.

Section 14. Cable communication.

In 1892 the Central and South American Telegraph Co. purchased the Transandine Telegraph Co., whose lines connected Valparaiso with Buenos Aires. This transaction connected the Argentine with the United States by an all American cable route via Valparaiso, Panama, and Colon. Prior to this time cables to the United States from the Argentine were sent over the lines of the River Plate Telegraph Co. to Montevideo; thence via Brazil and Europe to the United States.

Apparently in an effort to block further progress of the Central and South American Telegraph Co., the English-owned Western Telegraph Co. obtained from the Brazilian Government in 1893 an exclusive concession for submarine telegraphic communication between Brazil and the Argentine Republic. This concession terminated in 1913, but it contained a clause which maintains it in force until renewed or canceled by the Brazilian Government.

The Brazilian Government has not renewed the concession. The Central & South American Telegraph Co. presented a petition to the Brazilian Government asking for leave to lay two cables, one from Rio de Janeiro to Buenos Aires, and another from Santos to Buenos Aires. When it appeared that the Brazilian Government was about to grant these concessions to the American company, the Western Telegraph Co. brought suit against the Federal Government of Brazil for an injunction restraining it from granting the concessions. This occurred on September 27, 1914. The case is now pending in the supreme court of Brazil. If the English company fails in this suit, Americans will have an all-American cable line from Rio de Janeiro to the United States. At the present time cables to and from Brazil go via Europe.

In 1909 the Argentine Government granted a concession to the Western Telegraph Co. to lay a cable from Buenos Aires to Ascension Island. An article of the concession reads:

If during the term of 25 years, counting from the date of this contract, any company presents to the National Government proposals which the Government thinks are advantageous, to establish a new submarine cable between the Argentine Republic and the exterior, preference shall be given in equal conditions to the Western Telegraph Co.

It is said, however, that this monopoly can be overcome if Brazil grants to the Central & South American Telegraph Co. the concession sought.

At the present time the Western Telegraph Co. in Buenos Aires maintains a discriminating rate against messages from the United States via the Central & South American Telegraph Co.'s lines. The Western's published rate from Buenos Aires to Brazil is 34 cents American gold per word. On messages from the United States via the lines of the Central & South American Telegraph Co. the rate from Buenos Aires to Brazil is 78 cents American gold per word.

Section 15. Parcel post.

Considerable complaint is heard in Argentina with reference to the revenue stamp and other charges levied by the Argentine Government on incoming parcel-post packages. It is said that these charges make the use of the parcel post impracticable for small, inexpensive packages. Apparently the operation of the parcel-post service makes the shipment of packages by it from the United States to the Argentine more expensive than if the packages were sent by first-class registered mail. Packages coming from Europe encounter the same difficulty.

In the examples which are given below the objectionable feature is the postal tax of ₧2.69 currency.

Parcel-post package, numbered 61,146, received December 23, 1915, carried 12 cents United States postage stamps; contained articles of small value, on which customs duties amounted to 82 cents Argentine paper, postal tax, stamps, etc., ₧2.69 Argentine currency.

Three other packages numbered by the Buenos Aires post office—60,863, 61,140, and 60,931—containing articles of small value and light weight, paid the following charges:

61,140.—United States stamps, 24 cents; duties, ₧0.91 Argentine currency; postal tax, etc., ₧2.69.

60,931.—United States stamps, 12 cents; duties, ₧0.82 Argentine currency; postal tax, etc., ₧2.69.

60,863.—United States stamps, 10 cents; customs duties, ₧1.45 Argentine currency; postal tax, etc., ₧2.69.

The officials in the parcel-post division of the Argentine custom-house complained that the United States Postal Department had

not complied with paragraph 1 of article 6 of the Parcel Post Convention between the United States and Argentina. This paragraph reads as follows:

The sender of each parcel shall make two customs declarations, which shall be annexed to the "lista" [corresponding to list of general contents of bag], on the special form that shall be furnished him for this purpose, giving therein a generic description and the address of the package, an exact specification of its contents and the value thereof, date of sending, and signature and residence of the sender.

It is stated by the Argentine postal service that but one customs declaration accompanies goods received by parcel post from the United States, and that this makes it necessary for the Argentine postal employees to prepare the other copy required for record. This difficulty, it is said, invariably causes a delay of 24 hours in the delivery of American parcels.

Section 16. Stevedores' union.

The discharge of goods from vessels in the harbor of Buenos Aires is partly controlled by the stevedores' union, or, as it is called, "Federación de Estevedores." It is understood to have certain political influence.

A serious strike took place at the end of 1910 and lasted several months until 1911. At that time the wages of stevedores were raised and the working hours reduced.

The commercial, export, railway, shipping, cereal, and coal importing interests in Argentina have a protective organization known as La Sociedad Unión Protectora del Trabajo Libre, one of the objects of which is to counteract the influence of the stevedores' union. This association controlled 1,045 foremen and laborers in Buenos Aires at the end of June, 1915.

Section 17. Immigration.

In 1913 the population of the Argentine Republic was given as 6,881,311. This country has for many years attracted a great many immigrants from Europe. The total number of immigrants arriving in the Republic from 1857 to 1914, inclusive, was 4,665,710. Of course many of these immigrants returned again to Europe, but the constant influx of foreigners has left a deep impression upon the population of the nation. Of the total number of arrivals during the period mentioned, 2,283,706 were Italians; 1,472,604 were Spaniards; and those remaining were distributed among all the nationalities of Europe.

Table 6 shows the immigration for 1910, 1911, 1912, 1913, and 1914, and also shows the relative importance of the various nationalities in this movement of population.

TABLE 6.—IMMIGRATION INTO ARGENTINA, BY NATIONALITIES, 1910-1914.

Nationality.	1910	1911	1912	1913	1914
Spaniards.....	131,466	118,723	165,662	122,271	52,211
Italians.....	102,019	58,185	80,583	114,252	35,946
Turks and Syrians.....	15,478	13,605	19,792	19,542	5,146
Russians.....	12,765	9,713	20,832	18,626	5,387
Austrians and Hungarians.....	5,236	4,703	6,545	4,317	2,034
French.....	4,380	4,916	5,180	4,696	2,618
Germans.....	3,282	3,593	4,337	4,620	2,320
Portuguese.....	2,848	2,575	4,959	3,619	1,345
Greeks.....	3,289	1,036	3,375	849	708
British.....	1,825	1,730	3,134	2,132	1,253
Swiss.....	710	805	1,005	880	567
Danes.....	553	606	1,316	819	307
North Americans.....	467	390	499	519	414
Belgians.....	349	425	405	477	296
Dutch.....	281	246	274	292	147
Others.....	4,692	4,521	5,505	4,136	4,609
Total.....	289,640	225,772	323,403	302,047	115,308

Section 18. Industries and protection.

The chief wealth of the Argentine Republic is in her agricultural and pastoral industries. The area of Argentina is given ¹ as 298,735,300 hectares (738,217,713 acres).² Of these 24,091,726 hectares were in 1913-14 under cultivation. The chief products raised are wheat, linseed, maize, oats, and alfalfa. A considerable area is also devoted to tobacco, sugar cane, barley, grapes, potatoes, cotton, and various other products.

More important, however, than agricultural pursuits are those of stock raising. According to the census of 1908 there were in Argentina 29,116,625 cattle, 7,531,376 horses, 67,211,754 sheep, 3,945,086 goats, and 1,403,591 pigs. According to estimates made in 1913 the number of cattle had not increased, but the number of sheep was estimated at 80,401,486.

Following close upon stock raising are certain of the industries of the country. In 1912 the dairy industry was reported ¹ to have produced 16,989,768 kilos of cream; 9,896,762 kilos of butter; 5,631,992 kilos of cheese from cow's milk and 5,257,207 kilos of casein. The total number of establishments was 1,259.

The industrial census of 1910 reported 330 flour mills in Argentina, with annual sales of 96,694,983 paper pesos. Brazil takes approximately 80 per cent of the flour which Argentina exports.

One of the most important industries in Argentina is the production of frozen and chilled meat. In 1910 the official census reported 8 meat freezing establishments, with annual sales of 96,635,873 paper pesos and 5 beef salting establishments with annual sales of 5,756,500 paper pesos. The Argentine Yearbook, 1915-16, gives the following meat freezing and chilling establishments:

¹ Argentine Yearbook, 1915-16.

² Acre equals 0.404671 hectare.

ESTABLISHED.

1. The River Plate Fresh Meat Co. (Ltd.), Campana, Province of Buenos Aires; slaughtering capacity, 500 cattle and 5,000 sheep daily. Amalgamated July, 1914, with Las Palmas Produce Co., as "British and Argentine Meat Co."

2. Cia Sansinena de Carnes Congeladas (Ltda.), "La Negra," Avellaneda, Province of Buenos Aires; slaughtering capacity, 1,000 cattle and 8,000 sheep daily; and "Cuatreros," Bahia Blanca, Province of Buenos Aires; slaughtering capacity, 200 cattle and 3,000 sheep daily.

3. Las Palmas Produce Co. (Ltd.), Las Palmas, Province of Buenos Aires; slaughtering capacity, 500 cattle and 5,000 sheep daily. Amalgamated July, 1914, with River Plate Fresh Meat Co. as "British and Argentine Meat Co."; the Las Palmas factory was shut down on amalgamation.

4. Cia La Blanca de Carnes Congeladas (Ltda.), Avellaneda, Province of Buenos Aires; slaughtering capacity, 1,200 cattle and 5,000 sheep daily.

5. La Plata Cold Storage Co. (Ltd.), Berisso, La Plata, Province of Buenos Aires; slaughtering capacity, 1,500 cattle and 5,000 sheep daily.

6. The Smithfield & Argentine Meat Co. (Ltd.), Zarate, Province of Buenos Aires; slaughtering capacity, 400 cattle and 1,000 sheep daily.

7. Cia El Frigorifico Argentino, Valentin Alsina, Province of Buenos Aires; slaughtering capacity, 500 cattle and 2,500 sheep daily. This concern was closed down for six months in 1913, and resumed work early in January, 1914, as the Frigorifico Argentino Central, having been leased for three years to Messrs. Sulzberger & Sons, Chicago, United States of America, and a new company formed to carry it on.

8. The New Patagonian Meat Cold Storage Co. (Ltd.); factories at Rio Gallegos and San Julian, Territory of Santa Cruz, that work only from December to April each season. This concern is a subsidiary company of the La Plata Cold Storage Co. (Ltd.)

9. Frigorifico Armour de La Plata, factory at Rio Santiago, La Plata, Province of Buenos Aires; commenced work July 4, 1915; slaughtering capacity, 1,500 cattle, 2,500 sheep, 1,000 pigs daily.

IN CONSTRUCTION.

1. G. M. Hall concession, factory being erected by Vestys at Zarate, Province of Buenos Aires. Work well in hand.

2. Frigorifico Golfo de San Jorge, Puerto Deseado, Santa Cruz. Company formed in Antwerp to take over the Antonio Pinero concession; authorized by decree in June, 1915, to establish agency; preliminary work at Puerto Deseado commenced. Capital subscribed, 5,000,000 francs.

CONCESSIONS.

1913. Permission granted to A. Escalada to erect freezing works in the Province of Corrientes, according him the bounty established by law 8864, of ₧2 paper per head of cattle utilized, up to ₧80,000 paper per annum.

1914. Syndicate formed for freezing and canning works in Tierra del Fuego, on south bank of the Rio Grande, application for concession by A. Menendez Behety, granted by Congress September, 1915.

In 1913 the official returns¹ for the sugar industry showed 38 mills operating, 3,131,018 tons of cane handled, 276,140 tons of sugar produced, and a yield of 8.8 per cent. This industry is chiefly located in the Province of Tucuman. It is protected by a prohibitive duty.

The chief center of the wine industry is Mendoza. In the years 1913-14 there were 106,220 hectares devoted to the cultivation of the

¹ Argentine Yearbook, 1915-16.

vine. In 1913 there were reported to be 2,783 establishments producing wine. The output was given at 500,011,042 liters and the yield at 68.2 per cent.¹

The mineral and petroleum resources of the country have not been extensively developed, but they are known to be large.

There are also in the Argentine Republic factories producing furniture, boots and shoes, carriages and wagons, leather, quebracho extract, lithographs, soap, mosaics, bricks, paper, wire nails, wire fencing, cotton and woolen goods, glass, and other articles.

The protectionist sentiment is strong in the Argentine. In spite of some opposition the tendency is to develop national industries. The position of the Argentine may be compared with that of the United States in its early history.

In a memorandum kindly prepared for the Federal Trade Commission by the undersecretary of the treasury of the Argentine Government the following observations on protection are found:

No political party has well-defined principles as to fiscal protection; all coincide in this vague formula: "Conciliation of reasonable protection to national industries with the interests of commerce and internal consumers."

An effort is made not to cause discontent among industrial interests, to merchants, nor to the mass of consumers. The Socialists themselves carefully abstain from attacking too violently the protective duties, the removal of which might lead to opposition from the factories to the prejudice of operatives on whom they depend for constituency.

The Socialist Party seeks to stimulate rural industries, the cheapening of articles of [common] consumption, and of rents, through suppression of or reduction in customs duties, but as it proposes in place of these the extraordinary taxation of land and capital, taxation that would eventually burden rural production, articles of consumption and rents, the Socialist plan would mean merely the shifting of taxation without appreciable economic effect, and is founded on the classic distinction between direct and indirect taxation, used only in these days to classify different systems of [revenue] collection.

In the Argentine tariff articles burdened with protective duties that might be qualified as prohibitive are limited. Under this head only ethyl alcohol and sugar could be classed, the duties on which exceed 100 per cent ad valorem. As to alcohol the excessive tax is due to the internal-revenue law, and respecting sugar the laws in force authorize the temporary reduction of duty when local production is insufficient and the price exceeds a certain limit, referred to as "precio de carestía" [famine prices].

Section 19. Argentine trade.

In 1912 Argentina imported commodities valued at \$371,383,000² and exported commodities valued at \$463,577,000.³ In 1913 the corresponding figures were \$406,606,000 and \$466,582,000, respectively.⁴

¹ Argentine Yearbook, 1915-16.

² See Table 6, Exhibit I, p. 234.

³ See Table 7, Exhibit I, p. 236.

⁴ All values in these tables have been converted to United States currency on the basis that 1 Argentine peso gold equals \$0.985.

Argentina imports a variety of manufactured articles. In 1913 the value of the imports from the United Kingdom was \$126,306,000, from Germany \$68,816,000, from the United States \$59,862,000, from France \$36,743,000, from Italy \$33,572,000, and from Belgium \$21,186,000.

Agriculture and live stock make up the greater part of the exports of Argentina. In 1913 out of a total exportation of \$466,582,000, the agricultural products amounted to \$290,723,000 and live animals and meat products to \$159,997,000. Of the exports of 1913 products taken by the United Kingdom were valued at \$116,155,000; by Germany, \$55,889,000; by France, \$36,399,000; by Belgium, \$31,586,000; by the United States, \$22,094,000; and by Italy, \$19,338,000.

The percentage of Argentine imports received from specified countries and the percentage of Argentine exports sent to specified countries are shown in Table 7 below. The effect of the European war upon trade is noticeable.

TABLE 7.—PERCENTAGE OF ARGENTINE TRADE WITH SPECIFIED COUNTRIES.

[From Argentine Yearbook, 1915-16.]

Imports.

Year.	United Kingdom.	Germany.	United States of America.	France.	Italy.	Belgium.	Spain.	Brazil.	Holland.
1906.....	35.1	14.2	14.6	10.0	8.9	4.5	2.7	2.5	.....
1907.....	34.4	16.0	13.6	8.9	8.4	5.6	2.5	2.7	.....
1908.....	34.2	13.9	13.0	9.7	9.1	4.7	3.2	2.7	.....
1909.....	32.8	14.7	14.2	10.0	8.9	4.5	3.1	2.7	.....
1910.....	31.1	17.4	13.8	9.6	9.0	5.6	3.1	2.6	.....
1911.....	29.6	18.0	14.3	10.4	8.0	5.2	3.1	2.5	.....
1912.....	30.8	16.6	15.4	9.8	8.5	5.3	3.1	2.5	.....
1913.....	31.1	16.9	14.7	9.0	8.3	5.2	2.9	2.2	1.0
1914.....	34.0	14.8	13.4	8.2	9.2	4.4	3.1	3.5	1.1
1915 ¹	35.6	4.5	19.2	5.6	9.8	.7	5.3	4.8	.9

Exports.

Year.	United Kingdom.	Germany.	United States of America.	France.	Italy.	Belgium.	Spain.	Brazil.	Holland.
1906.....	14.8	13.5	4.5	12.2	2.3	8.7	.....	4.0	1.0
1907.....	18.1	12.3	3.4	12.7	1.8	10.0	.....	4.7	1.4
1908.....	21.4	9.5	3.6	7.9	2.1	9.8	.....	4.1	1.4
1909.....	20.3	10.4	6.6	9.8	3.2	10.4	.....	4.2	1.5
1910.....	21.7	12.1	6.8	10.1	2.8	8.2	.....	4.7	1.2
1911.....	28.3	13.3	7.3	12.2	4.2	11.0	.....	5.5	2.0
1912.....	25.3	11.3	6.7	7.5	4.4	7.8	.....	4.7	3.3
1913.....	24.9	12.0	4.7	7.8	4.1	6.8	1.0	5.0	4.7
1914.....	29.3	8.8	12.3	5.7	2.4	5.0	0.7	4.5	2.3
1915 ¹	24.4	.....	13.0	8.1	9.8	.....	1.3	3.9	3.3

¹ Nine months.**Section 20. Reciprocity.**

Article 74, Customs Law No. 4933 of Argentina reads as follows:

The import duties established by the present law shall be deemed to be the "minimum tariff" and shall be applicable to products and merchandise of all countries which apply their minimum tariff to exports from the Argentine Republic, and do not increase the present duties on such exports, and which shall not fix duties on articles now exempted, nor exceptionally reduce their present tariff duties on similar

goods of other origin, and which do not impede by restrictive measures the importation of Argentine products.

For any country not coming within these conditions, the Executive is authorized to levy on goods and products proceeding from such country the maximum tariff, equivalent to a surtax of 50 per cent on the minimum tariff when relating to dutiable goods, and to impose a rate of 15 per cent respecting goods otherwise duty-free upon importation.

The application of the "maximum tariff" shall be effected by Executive order requiring that the countries of origin of goods be expressed in the entries, and proven by original invoices and bills of lading and other evidence if deemed necessary; and any concealment or false entry in this respect shall be punished conformably to the provisions of the Customs Ordinances relating to fraudulent declarations.

The Executive is likewise authorized to accord during a determined period an exceptional reduction not greater than 50 per cent of the duties established by the present law, on certain articles proceeding from countries which, in its opinion, grant equivalent advantages.

This favored treatment shall be granted by the Argentine Government subject to reservation of the right of terminating its effects upon six months' previous notice of such intention.

In this law, therefore, there exists on the statute books of Argentina the authorization to negotiate reciprocity treaties with foreign nations.

In the memorandum prepared by Sr. F. Agustin Pinedo, under-secretary of the treasury for Argentina, the following comments on trade relations with the United States appear:

No foreign country so far has found it necessary to demand tariff reform in order to develop commerce with our country. At the most (like the United States) they have offered the criticism that many classifications are disproportionate, but this could be corrected, once the projected law creating a permanent tariff board [Junta Permanente de Aforos] is sanctioned, or through adoption of the system of consular invoices.

The means employed by European countries to stimulate their trade, have been: The formation of direct navigation lines, the foundation of commercial agencies, credit facilities, and the employment of capital in industries of the country.

Nevertheless the article of the customs law previously cited (74) authorizes our Government to accord tariff reductions as to determined articles of foreign countries that offer equal advantages.

Therefore a double list might be prepared—the first, of Argentine products, importation of which by the United States might be favored by an exceptional reduction in duties; and the second, of North American articles that might be subject to a reduction in customs duties equivalent to the first.

The United States are in a position identical with European countries before the war, which were able to develop an intensive commerce in Argentine markets, even reaching the point of introducing products heavily taxed through protective duties, in competition with those of Argentine production.

Even before the European war the United States occupied a prominent place in our foreign commerce, with shipments of machinery, petroleum, footwear, etc., without having suffered paralyzation in this trade through our customs system.

Section 21. Other phases of the situation in Argentina.

Lack of adequate shipping accommodations between Argentina and the United States frequently prevents representatives of American manufacturers from bidding successfully against European competitors. When the margin of profit is narrow, a difference in freight rates or an ability to assure prompt delivery may measure the difference between success and failure.

In enumerating the means by which European nations have developed their trade with Argentina, the undersecretary of the Argentine treasury in a memorandum kindly prepared for the Federal Trade Commission, already referred to, mentioned the establishment of direct lines of navigation. He also mentioned the establishment of commercial agencies, the extension of credit facilities, and the investment of capital in the industries of Argentina.

American interests must realize that, if they are to develop a permanent export business in Argentina they must invest capital in that country. All the big undertakings there are now financed by European capital. English capital controls the railroads and many other enterprises. Either because of a legal obligation to do so or because of a desire to be loyal to the producers of the home country, the managers of these foreign enterprises purchase supplies, equipment, etc., from the country in which the capital invested is controlled. Our manufacturers have to meet in Argentina not merely the competition of individual European manufacturers but national competition; i. e., the competition coming from the cooperation of commercial and financial interests of each nation against all others. If American interests are to succeed, they must develop a like solidarity against rival nations.

CHAPTER V.

REPUBLIC OF CHILE.

Section 1. Some characteristics of the Chilean tariff.

The new tariff act of Chile,¹ effective May 10, 1916, first passed the Chamber of Deputies on February 5, 1914, and is the result of a series of studies made since 1909. In framing the bill the Association for Industrial Promotion, the National Agricultural Association, and the Southern Agricultural Association were heard, and the protectionist sentiment of these interests is evident in the law. The bill, with certain amendments proposed by the Senate tariff committee, was passed by the Senate early in 1916, and was subsequently approved by the Chamber of Deputies on March 1, 1916. Its rates are declared a minimum tariff applicable to the products of nations that concede imports from Chile "most-favored nation" treatment. An increase by Executive decree of 25 per cent in import duties on products of nations not according this treatment to Chilean products is authorized, but not made obligatory, as was desired by the Association for Industrial Promotion. It is specific in form and abolishes the old official valuation system. Export duties on nitrate of soda and iodine are provided for in article 10, Law No. 980 of December 23, 1897, and on boric acid and borates under the law of Mar. 1, 1915. The importance of export duties levied on nitrates in relation to the Chilean revenue system is discussed in section 17 of this chapter.

Schedules.—The new import tariff of Chile consists of 1,792 paragraphs. It embraces 11 schedules, subdivided as follows (art. 1):

	Paragraphs.
Schedule 1. Animal materials.....	1-96
(a) Live animals.....	1-11
(b) Alimentary products.....	12-28
(c) Industrial products.....	29-62
(d) Manufactures.....	63-88
(e) Footwear.....	89-96
Schedule 2. Vegetable materials.....	97-292
(a) Fruits, cereals, vegetables, pulse, etc.....	97-140
Spices (seeds, herbs, etc.).....	97-107
Forage, seeds, and plants.....	108-115
Fruits.....	116-122
Cereals.....	123-129
Vegetables, mushrooms, pulse, tubers, etc.....	130-132
Various.....	133-140

¹ Law No. 3066, published in *Diario Oficial* No. 11442 of Apr. 10, 1916.

Schedule 2. Vegetable materials—Continued.	Paragraphs.
(b) Alimentary products.....	141-161
(c) Industrial products.....	162-196
(d) Manufactures.....	197-226
(e) Woods.....	227-235
(f) Manufactures of wood.....	236-287
(g) Tobacco.....	288-292
Schedule 3. Mineral materials.....	293-649
(a) Precious metals and jewelry.....	293-310
Ores and metals.....	293-295
Manufactures.....	296-310
(b) Iron or steel.....	311-429
Ores.....	311-
Structural and for industries.....	312-325
Manufactures.....	326-429
(c) Copper and its alloys.....	430-452
Ores and metals.....	430-434
Manufactures.....	435-452
(d) Zinc and its alloys.....	453-461
Ores and metals.....	453-456
Manufactures.....	457-461
(e) Aluminum and its alloys.....	462-466
Metals.....	462-463
Manufactures.....	464-466
(f) Tin, lead, and their alloys.....	467-479
Ores and metals.....	467-471
Manufactures.....	472-479
(g) Nickel and its alloys.....	480-482
Metal.....	480-
Manufactures.....	481-482
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Similitude rule.—Article 2 is the similitude rule of the tariff and reads as follows:

Merchandise or products not included in the tariff, for the purpose of establishing duty thereon, shall be assimilated to those that are provided for in this law and which by their class and kind bear the closest analogy to the merchandise or products on which it is sought to determine the duty. The assimilation shall be determined by the respective examiner with the approval of the collector of customs [administrator], but shall not be considered definitely established until approved by the superintendent of customs, an approval that must be solicited in each case, with submittal of the corresponding samples as record.

The decision rendered by this last-mentioned officer shall govern in all custom-houses.

Rule 1, regulatory decree No. 364 of March 22, 1916, provides that—

No clearance shall be considered legally terminated without the intervention of the chief examiner at Valparaiso and of the collector of customs at other ports, certified by their approval on the respective entry, in the following cases:

* * * (b) When it is necessary to make dutiable return on merchandise, by the assimilation thereof to other goods that are specified in the tariff. * * *

Territory of Magallanes.—Articles free of duty are specified in the body of the tariff, according to the schedule under which they fall, but article 4, replacing a similar provision in article 7 of Law No. 2641 of February 12, 1912, provides for free entry into the Territory of Magallanes for all merchandise or products except the following, which are subject to duty at the rates stipulated under the new tariff: Bran, mineral or effervescent waters, Chile peppers or capsicum, alcohols, spirits of wine, liquors, brandies (sweetened or not), starch, playing cards, common barley; Roman, Portland or other cement; beers, cigars, cigarettes, pickles, brooms and brushes (not including tooth and nail brushes), vermicelli, macaroni and similar products, dried or preserved fruits, crackers and biscuits, edible tallow, flours, preserved milk, pulse and vegetables (preserved or dried), woods, maize, butter, manufactures of leather or sole leather or containing these materials (not including leather belting or belt lacing), potatoes, forage, tanned or prepared fur skins and their manufactures, cheese, common salt, tallow, sole leather, tobacco, vinegar, and wines.

The Territory of Magallanes thus enjoys free entry of all but a limited number of articles as the outcome of the Chilean policy to stimulate development in that territory through liberality in revenue exactions. Expectations in this direction are being satisfactorily met. An interesting incident is reported regarding friendly rivalry in those extreme southern and somewhat bleak latitudes between Chile and Argentina in the development of their respective territories there. The Chilean free-entry provisions naturally afforded a stimulus to Punta Arenas and the country served through that port. A customs revenue organization for Argentine territory in that region had been provided for under Argentine legislation. Emphatic protests were heard from settlers in those localities, who declared that their progress relatively was handicapped through tariff benefits accorded their neighbors in Chile by a benevolent Government. As stated, the machinery for customs collection had been provided under Argentine law. The Executive, charged with appointment of officers to make the law effective, decided that a short cut toward granting the wishes of extreme southern Argentine settlers lay most simply in not appointing these, thus blocking operation of the law, and so the matter rests to-day.

Prohibited importations.—Article 5 covers prohibited importations, and it is of interest to note that among these are "adulterated alimentary products or substances, and those that, having suffered artificial modifications, lack nutritive value inherent in the substances or products that they represent and that might mislead the consumers, even if they are not damaging to health." Saccharine and products analogous thereto, unless imported for medicinal pur-

poses, under regulation prescribed by the President of the Republic, and beverages or alimentary products containing saccharine or such substances, likewise are prohibited importation. Prohibition also applies to the importing of drugs or pharmaceutical preparations the formulæ whereof are not printed in comprehensible form on their immediate containers, unless the importer deposits the formula with the Institute of Hygiene according to laws and regulations covering such cases, and pays double the duties leviable thereon according to the tariff.

Articles 6, 7, 8, and 9 relate to prohibited importations and regulations for the introduction of articles the importation of which is conditionally prohibited.

Under Article 14, merchandise or products bearing labels that attribute to them qualities superior to those which they possess, are subject to duty according to description on such labels, even though their description as verified agrees with that expressed in the import entries (*pólizas*).

Storage charges.—Article 17 of the new tariff establishes the following storage charges in place of those formerly levied on bases of official or other valuations:

1. Merchandise destined for consumption in Chile and subject to import duty shall pay 4 per cent of the amount of such duty, if clearance is effected within four months following storage in warehouse, 8 per cent when cleared within the second four months following storage, and 12 per cent if cleared within the third four months.

In case merchandise is free of duty, it shall pay ₧0.10 per 100 kilos, gross weight, if cleared within the first four months following its storage in warehouse, ₧0.20 when cleared within the second four months, and ₧0.30 if cleared within the third four months.

2. Merchandise warehoused under declaration "in transit" shall pay the same charges fixed in preceding paragraph upon its reexportation, but the periods shall be counted at double those established, i. e., in terms of eight months [instead of four].

In cases where merchandise so declared "in transit" subsequently is cleared for consumption in Chile, it shall pay 6 per cent of the amount of import duty if cleared within the first four months after storage in warehouse, 12 per cent if cleared within the second four months following storage, and 18 per cent if cleared within the third four months following storage, with a progressive increase of 6 per cent for each succeeding four months until the sixth and final period of four months.

If merchandise warehoused under the declaration "in transit" is free of duty and subsequently is cleared for consumption in Chile, it shall pay ₧0.15 per 100 kilos, gross weight, if cleared within the first four months following storage, ₧0.30 per 100 kilos, gross weight, if cleared within the second four months after storage, ₧0.45 per 100 kilos, gross weight, if cleared within the third four months following storage, with a progressive increase of ₧0.15 for each succeeding four months until the sixth period of four months is reached.

3. Merchandise of obligatory clearance [*despacho forzoso*], i. e., certain classes that do not enter customs warehouses but are cleared and delivered from the docks, or merchandise destined for storage under bond in private warehouse, that is stored in customs warehouses through error not attributable to customs employees, shall pay double the storage charges determined in paragraph 1, without prejudice to the

action that may be taken by the collector of customs as to its transfer to proper destination or its immediate clearance.

4. Merchandise subject to obligatory clearance [*despacho forzoso*, defined in preceding paragraph] must be withdrawn within 45 days following presentation of the general manifest, and if not withdrawn during that period, becomes subject to the storage charges prescribed in paragraph 1.

5. After the period of 45 days fixed for withdrawal of merchandise subject to obligatory clearance, that of 1 year for merchandise stored in customs warehouses for consumption in Chile, and that of 2 years for merchandise declared "in transit," has expired without withdrawal or clearance of the respective goods, they shall be sold at public auction, according to provisions of the Customs Ordinances.

6. All periods fixed in this article shall run from the date of presentation of the general manifest. * * *

Regulatory decree No. 364 of March 22, 1916, complements the tariff with 51 rules governing its application.

Comments of Sr. Don Salvador Zegers, superintendent of Chilean customs.—Extracts from the published report on the tariff bill, while it was pending in the Senate, by Sr. Don Salvador Zegers, superintendent of Chilean customs, indicate some of its most significant features. Sr. Zegers, the foremost tariff authority in Chile, is chief of the entire Chilean customs service, and has spent 43 years therein. His report was made to the Government and is based on the bill as first passed by the Chamber of Deputies. His opinions are of especial value in establishing the tendency toward higher import duties and protection on certain commodities in Chile. It should be understood that duties under the new tariff, as in the former law, are expressed in Chilean pesos (₧1 equals \$0.365 United States currency). The extracts follow:¹

In the bill the system of specific duties has been established to replace those of *ad valorem* [official valuation] now in force. Such a system contributes toward uniformity in the application of customs duties, lessens the chances of success for unscrupulous importers, and makes for more certainty in the imposition of duties, to the benefit of industry, of commercial transactions and of the fiscal revenue. Further, it facilitates the work of the customs service, above all in the liquidation of customs duties. The proposed law has increased especially the duties on some alimentary articles, and on others of the first necessity, those of some raw materials for our industries, those of various articles destined for construction purposes, of some manufactures, and also the duties on articles of sumptuous or superfluous character. Inversely it provides reductions in or exempts from duty a limited number of commodities.

I think it opportune to formulate superficially some considerations touching a certain number of modifications, principally those that affect alimentary articles.

Dried fish.—Duties are increased 25 per cent; from 16 centavos to 20 centavos per kilo. It is imported constantly and in great quantities; in 1912 there was an importation of 416,300 kilos. The existing duty is equal to 40 per cent of official valuation, which is increased to 50 per cent.

Salmon and sardines.—The same considerations applicable to dried fish may be extended to salmon and sardines, consumption of which is widely distributed among all social and especially the middle classes. The duty on salmon has been increased

¹ *El Mercurio*, Valparaiso, Feb. 7, 1916.

66½ per cent (from 15 to 25 centavos) and that of sardines 25 per cent (from 24 to 30 centavos).

Tallow.—That fixed for tallow [unrendered] is 12 centavos per kilo, equivalent to 30 per cent of its value. Tallow is imported in considerable quantities as a raw material for industrial use.

Lard of pork.—The valuation of 50 centavos given in the existing tariff to lard of pork does not correspond to its true commercial value, which is ₱1 more or less per kilo, but to the industrial product that is imported into the country under this denomination. The duty that has been fixed for this article is equivalent to 25 per cent of its true value in customs warehouse.

Oils for table use.—Edible oils are now subject to the duty of ₱0.154 for each kilo net weight; this duty has been increased to 25 centavos. When it is considered that this duty affects equally olive oil and cottonseed oil the disproportion in the taxation on these articles will be noted. At the present time olive oil has a value in customs warehouse that fluctuates around ₱1 per kilo, while cottonseed oil is worth only ₱0.60 on an average. The effect of the proposed duty, therefore, is equal to 25 per cent of the value of the former and to more than 40 per cent of the value of cottonseed oil, which is more commonly used.

Fish and shellfish preserved.—The duty provided for products of this nature is exaggerated, considered in connection with the value provided for these articles under the valuation tariff. At present they pay the exceptional duty of 65 per cent, while in the proposed law a duty equal to 100 per cent of this value is provided for these articles and they are grouped with others of a different character.

Butter.—The increase of 150 per cent in the duty on butter seems excessive to me, treating of an article so wholesome, above all for children.¹

Margarine.—Considering that this is an alimentary material, superior, as I understand it, to lard and to tallow, it seems to me that the law has gone too far in increasing the duties thereon by 233 per cent.¹

Maize.—Although we are producers of corn, this article always brings high prices because production is not sufficient for the necessities of consumption without the aid of importation. Corn is free in the Argentine Republic and the United States, and dutiable in Peru, Mexico,² and Brazil, with duties amounting to only 10, 13, and 20 per cent, while under the proposed law it is taxed with a duty equal to 100 per cent.³ Even if the idea of reducing the existing duties should not be accepted, I think that they at least should be maintained as they are.

Mineral waters.—I think the increase in duties on mineral water well founded. The country has an excellent and abundant supply.

Common soap.—Perhaps it would not be wise to increase the existing duty, considering that the soap industry has prospered under the present rates and that the duty on the raw material, tallow, has not been raised, that the exaggerated increase may raise the price to the consumer, and also that a material important for hygienic purposes is in question.

*Common glassware.*⁴—The duty on common glassware seems well founded. Its amount is not excessive in comparison with that levied in other countries on the same article. For example, while cut glass is taxed in the proposed law with 33½ per cent [of the former official valuation], ordinary glassware pays 50 per cent. This

¹ The tariff as passed fixes a duty of ₱0.60 per kilo gross weight on butter, and law No. 3085 of Apr. 5, 1916, provides a rate of ₱0.60 per kilo gross weight on oleomargarine and ₱0.30 on oleo oil. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

² Under the Mexican decree of Sept. 29, 1915, maize is free of import duties upon importation into Mexico.

³ The law as enacted provides a duty of ₱0.03 per kilo, gross weight, hence the computation of Señor Zegers should now be read "60 per cent of former official valuation."

⁴ The duty on common glass bottles for beverages is reduced from ₱0.04 per kilo as projected to ₱0.03 per kilo, gross weight, under the law as enacted.

difference is more notable when it is considered that articles of crystal proportionately have a lower duty. [Paragraph 616 of the proposed law.]¹ This anomaly should be corrected.

Glucose.—The duty on glucose has been increased, perhaps because it is considered an adulterant employed as a substitute for sugar.

Paraffin.—The increase of the duty on paraffin in bulk might be accepted in relation to that fixed for stearic candles in the manufacture of which it enters as a crude material, but it would be preferable not to raise either one duty or the other, and avoid the consequent increase in price of articles of such common and necessary use as candles, the manufacture of which is sufficiently favored by the existing duty, as is demonstrated by the statistical returns covering importation.

Articles destined for industries.—Generally the increases are of considerable importance. That corresponding to buttons of bone, the highest of this group, 60 per cent, is, nevertheless, an apparent rather than a real increase because the true value of the article is really greater than that shown in the valuation tariff, manufactured bone being worth more.

Articles used in construction.—Respecting this group I have to comment on the increase in duty on unplanned pine lumber, which has been increased from 18 centavos to 30 centavos per square meter [meaning a square meter, of 25 millimeters or approximately 1 inch in thickness], which means a raise of 66½ per cent on the duty in force and amounts to an equivalent of 50 per cent ad valorem [official valuation] in the proposed new law. This commodity, equally in demand by the industries and by building enterprises of all kinds, still cuts an important figure in the northern regions of the country, where buildings and factories rarely are built of other materials.²

Miscellaneous articles.—Respecting this group I shall only mention cars for portable railways and rails for these. The former, which now pay 10 per cent, have been increased to 16½ per cent [based on official valuation in the old tariff] under the projected law, an increase of over 50 per cent in the actual duties. Rails for these, which, according to Law No. 2641 of 1912, paid 5 per cent, have been increased 150 per cent [likewise based on official valuation in the old tariff].

Cotton textiles.—The finance committee of the Chamber of Deputies fixed for each of the classes described in paragraphs 713 to 730,³ which relate to cotton textiles not specified, a reduction of 10 centavos for each kilo. This simply signifies that textiles of inferior quality or those that are most used by the common people enjoy a reduction in duties under the proposed law. It is not possible to establish what the amount of this reduction will be in figures for lack of adequate means of comparison.

Alimentary articles of first necessity.—In 1912 these produced ₧1,181,120 in duties, and, applying the tariff proposed, this group should produce ₧1,867,384, or an increase of 58 per cent. If the suggestions made in this report are followed and fresh fruits are permitted to remain on the free list, this increase would amount to 53.55 per cent.⁴

Other alimentary products.—These produced ₧1,407,103 and at the new rates would bring ₧2,618,837, or an increase of 86.10 per cent.

Articles of general consumption of first necessity.—These paid ₧3,092,517 and under the projected law would yield ₧3,734,894, which represents an increase of 20.75 per cent.

Raw materials employed in industries.—In 1912 these paid ₧576,259 and according to the new law would produce ₧654,690, an increase of 13.61 per cent.

¹ Par. 614 of the tariff as enacted.

² Pine lumber is much used as construction material in the seismic zone.

³ Pars. 714 to 731 of the tariff as enacted.

⁴ Fresh fruits were retained on the free list under the tariff as enacted.

Articles destined for industries.—These yielded ₧1,437,591 as against ₧4,274,752 under the new law, which is equivalent to an increase of 197.30 per cent. Should it be decided not to levy duties on coal and crude petroleum, this increase would amount to only 55.50 per cent.¹

Articles used in construction.—These produced ₧3,389,319 and according to the new tariff would pay ₧5,289,580, an increase of 56 per cent.

Liquors.—These yielded ₧3,280,466 as against ₧4,278,002 which they would produce under the new law, an increase of 30 per cent.

Perfumery.—Articles of this class paid ₧447,676 and according to the new tariff would yield ₧533,458, an increase of 10 per cent.

Miscellaneous articles.—The duties on these in 1912 were ₧2,045,712 which would yield under the new tariff ₧3,012,186, an increase of 47 per cent.

Section 2. Requirements for ship's manifest and amendment thereof.

Requirements.—Article 4 of the Customs Regulations provides that—

The captain of every merchant ship which carries foreign merchandise shall deliver to the employee of the resguardo [corresponding to a branch of surveyor's office] at once after anchoring a general manifest of all cargo carried.

If the ship should come in ballast or is not to discharge at the port, the captain shall so declare in writing and deliver this declaration to the employee of the resguardo, to be passed on by him to the customhouse auditor. In such case there shall be no obligation to present a general manifest.

Decree No. 598 of March 20, 1896, provides that—

The general manifest [manifiesto por mayor] shall be received in any language, and shall express:

- (1) Point of departure, tonnage measurement, class, name, and nationality.
- (2) Marks, numbers, denomination, and quantity of packages of which the cargo consists, their weights, and the name and character of merchandise contained therein. If merchandise of various classes should be contained in the same package, this shall be expressed by the word "mixed" [general]. Provided, however, that if jewelry should be among the contents of a package, this fact must be expressed in the manifest.
- (3) The number of packages of samples, with specifications of their marks, numbers, and denominations.
- (4) Quantity and description of ship's stores.
- (5) The date on which general manifest is delivered [to the resguardo] * * *.

Amendment of manifests.—Article 11, Customs Regulations, provides that—

Should the necessity arise for amendment of the manifest, this shall be permitted upon notifying the collector of customs, if six working hours have not elapsed since its delivery.

Decree No. 792 of March 10, 1905, provides that—

Amendments to the general manifest may consist only in corrections or amendments of the data [already] contained in said manifest. Correction of the mark or number, or rectification of the specified contents of a package, only shall be permitted, and in no case shall the suppression of goods already manifested or the addition of goods not manifested be permitted.

¹ Under the law as enacted, coal and crude petroleum are on the free list.

Penalties.—Article 89, paragraph 3, of the Customs Ordinances, provides that—

A fine of from ₧1 to ₧200 for each package shall be imposed on the captain of a ship whereon packages are found opened without the written permission of the collector of customs, or packages which are empty, or with quantity less than that stated, or filled with material without value, or with material different from that which they should contain; or on captains of ships on which all packages shown on the general manifest are not found.

Paragraph 14 of the same article provides that—

A fine of 25 per cent [of the official valuation] shall be imposed on each package subject to duty that is omitted in the general manifest. If articles free of duty are in question, the omission shall be penalized with a fine of 5 per cent. * * *

Chilean regulations respecting amendment of the general manifest are far more strict than those of Brazil, Uruguay, and Argentina, though consular visé of this document is not required. No latitude for vital amendments is allowed under the regulations.

Section 3. *Manifiesto por menor* (minor or consignee's partial manifest).

The consignee's partial manifest must be obtained covering each shipment sought to be cleared, and must be filed at the customhouse within six days after delivery of the general manifest. This period may be extended 10 days by the collector of customs in especial cases only. If not filed within the period or extension fixed by law, consignees of the ship shall be notified by the customhouse to present the same within three days, failing which clearance may be suspended as a penalty. This is a last resort, however, toward canceling discharge against the general manifest, as the obligation to file partial manifest or *manifiesto por menor* fundamentally rests on the owners of the goods and not on ship's agents or consignee.¹

Partial or minor manifests shall be filed in duplicate, expressing the quantity and denomination of packages covered therein, their marks and numbers, and the name and character of the merchandise. If there should be various classes of merchandise in the same package, these shall be described in accordance with the consular invoice, unless under special circumstances the collector of customs permits the use of generic terms, or of a different method of description. Each sheet of the partial or minor manifest must be filed on stamped paper of ₧1 value.²

Goods subject to obligatory clearance or ship's side delivery³ at Iquique, Antofagasta, Valparaiso, and Talcahuano as distinguished

¹ Arts. 28, 29, and 38 of the Customs Regulations.

² Decree No. 598 of Mar. 20, 1896; art. 32 of the Customs Regulations; decree No. 1109 of Jan. 20, 1911; and Law No. 2219 of Sept. 7, 1909, Art. III, No. 46.

³ Reference to ship's side delivery throughout the chapter on Chile includes *despacho forzoso*, or certain lines of goods that are not discharged into customs warehouses but are examined and cleared on the wharves.

from goods discharged into general order stores or warehouses must be covered by separate partial manifests, and may not be included therein with the latter. One of the two copies of the minor or partial manifest must bear the signed approval of the ship's consignee or agent, and be accompanied by the respective bill of lading, likewise showing the same approval or indorsement.¹

Article 30 of the Customs Regulations provides that—

The so-called complete minor manifest of a vessel shall be composed of all the partial or minor manifests filed by the respective consignees of goods. The customs *contaduría* shall collect these and form them into one, noting thereon the progressive or registry number that is borne by the general manifest.

Section 4. Bills of lading.

Articles 1047 and 1051 of the Commercial Code require that bills of lading must show:

- (1) Name, register, and tonnage of the ship.
- (2) Name, surname, and domicile of the captain.
- (3) Names and surnames of the shipper and consignee.
- (4) The class, quantity, numbers, and marks of the packages.
- (5) The port of lading and of discharge.
- (6) The freight and primage stipulated.
- (7) The date and signatures of the captain and shippers.

Bills of lading may be extended in favor of a determined person with the clause "to order," or to a determined person without that clause, or to "bearer." * * *

Article 5, Law No. 2208 of September 21, 1909, and decree No. 1518 of May 31, 1901, provide:

Ocean bills of lading covering goods carried by ships entering ports of the Republic must be viséed by Chilean consuls at port of departure.²

Bills of lading covering samples cleared through Chilean customhouses are exempted from requirements as to consular visé.

Lack of a bill of lading sometimes is cured by the filing with ship's agents of a guaranty, signed by the consignee and a bank, for the subsequent production of this document. In consideration of such guaranty the ship's copy of bill of lading is delivered, and both it and *manifesto por menor* (minor or partial manifest) signed or approved by the agency, to permit of clearance of the goods and completion of the consignee's import entry documents.

¹ Decrees of Mar. 26, 1906, May 12, 1898, Apr. 15, 1893, and July 5, 1898, and art. 31, Customs Regulations, modified by decree No. 598 of Mar. 20, 1896.

² A fine of treble the consular fees for lack of consular visé or legalization is imposed by Chilean customhouses. See sec. 8 of this chapter. Under the law of Feb. 11, 1916, Chilean consular fees were increased 50 per cent, effective during the period from Apr. 1 to Dec. 31, 1916.

Section 5. Consular invoice.

Article 2, Law No. 1025 of January 25, 1898, and article 5, Law No. 2208 of September 21, 1909, provide that—

Upon filing of the minor or partial manifests, they shall be accompanied by detailed invoices of the merchandise, which [like bills of lading] must be viséed by the Chilean consuls general or consuls at ports of shipment, or at the frontiers of overland entry.¹

Decree No. 1826 of August 2, 1907, and decree No. 970 of October 29, 1909, provide that—

Chilean consuls abroad shall consider authentic only invoices of merchandise that contain the following data.

(a) Name of vendor of the merchandise and person (or firm, etc.) dispatching the invoice.

(b) Name of the consignee and of the port of destination of the merchandise.

(c) Name of the carrying ship, should the invoice be dispatched at the port of shipment of the merchandise.

(d) Marks, numbers, quantity, class, and contents of the packages.

(e) Gross and net weight of the merchandise.

(f) Price of each one of the items of merchandise described in the invoice.

The following is an extract from file No. 883, February 21, 1910, of the superintendency of customs:

In reference to the first question submitted it is my opinion that it would be imposing excessive work on shippers to oblige them when a package contains various classes of merchandise to give in detail the net weight and the price of each one of them; it is my opinion that it would be sufficient for the object in view if the shipper should show in the consular invoice the quantity, measure, or weight of the goods, according to the unit that has served as a basis for their purchase, and indicating the respective price.

Decree No. 570 of July 27, 1909, provides that—

Consuls of Chile shall perforate or extend in writing, on the four copies of invoice presented for dispatch, the value declared therein and the consular fees collected.

Article 3, decree No. 583 of April 25, 1907, provides that—

Consuls shall send a copy of the invoices legalized, by the first post and the most direct means, to the collector of customs at port of destination of the goods, to the end that he, after clearance of the goods, transmit them to the superintendency of customs.

Article 7, Law No. 2208 of September 21, 1909, provides that—

Lack of the consular visé shall be penalized by a fine of treble the amount of the corresponding consular fees, payable upon filing of documents in Chilean custom-houses.²

This fine applies equally to bills of lading and to consular invoices.³ Consular visé or legalization also is required for postal shipments, provided that the value declared exceeds £5 sterling (\$24.33 United States currency).⁴

¹ See facsimile of legalized "first copy" of consular invoice opposite p. 158.

² Under the law of Feb. 11, 1916, Chilean consular fees were increased 50 per cent during the period from Apr. 1 to Dec. 31, 1916.

³ See sec. 8, p. 171.

⁴ Art. 19, Law No. 3004 of Apr. 9, 1915.

Consulado General de Chile en Los Estados Unidos.

(GENERAL CONSULATE OF CHILE IN THE UNITED STATES)

Nueva York, 22 de diciembre de 1918

Factura de las mercancías despachadas por

(INVOICE OF MERCHANDISE SHIPPED BY)

en Nueva York a bordo del vapor "Santa Catalina"

(IN NEW YORK ABOARD THE STEAMER)

con destino al

(DESTINED FOR)

puerto de Valparaiso

(THE PORT OF)

a consignación de

(TO THE CONSIGNMENT OF)

de Valparaiso

(OF)

por cuenta de los señores

(FOR ACCOUNT OF)

valor total de la mercadería \$ 655.00

(TOTAL VALUE OF THE MERCHANDISE)

oro americano

(AMERICAN GOLD)

MARCAS (Marks)	NÚMEROS (Numbers)	BULTOS (Packages)	CLASE (Class)	CONTENIDO (Contents)	PESO TOTAL EN KILOS (WEIGHT IN KILOGRAMS)		VALOR TOTAL DE CADA UNIDAD DE MEDIDA (UNIT VALUE OF EACH UNIT)
					NETO (Net)	BRUTO (Gross)	
	7138/51	20	Pardos	Lana para velas	1040	1088	\$ 655.00
				Neto.- Veinte fardos.			
				Valor total.- Seiscientos cincuenta y cinco pesos, oro americano.			
				Visto Bueno. <i>diámetro</i>			
				Nueva York			
				derechos pagados \$			
				Vease el original legalizado.			
				PRIMERA COPIA			
				SUMA (Total)			
				SUMA (Total)			

CHILEAN CONSULAR INVOICE AS FILLED OUT IN PRACTICE.

Section 6. Customhouse procedure.

Documents required.—The following provisions are taken from article 166, Customs Regulations; decree of October 17, 1884; decree No. 3058 of November 2, 1892; and decree of April 13, 1897:

The clearance of merchandise destined for consumption that is stored in customs warehouses, as well as of merchandise subject to wharf delivery [*despacho forzoso*] for consumption, shall be requested by means of a *póliza*¹ [entry] in quadruplicate, the copies whereof shall be termed, respectively, original, extra for accountant's office, delivery, and extra for warehouse division. The original and the extra for accountant's office shall be exactly the same and in them shall be expressed the marks and numbers of the packages, their special description, as well as that of the merchandise. The description of merchandise shall consist in giving it the name of the class that it most nearly approximates by its form, type, or special uses. Treating of footwear, for example, the terms "boots" or "shoes" are special denominations; and of made-up clothing, the words "shirts," "trousers," "frock coats," etc.

The special denomination may be omitted and one more general and comprehensive employed, provided that the merchandise designated by the latter has the same official valuation² and the same duty. It shall not be obligatory in any case to employ other or more detailed denominations than those used in the *tarifa de avalúos* [valuation tariff],² except in cases when the merchandise described in the entry is not provided for in the tariff.

In order to designate the character of the merchandise which is to be cleared, the material of which it is manufactured shall be expressed. For example, when cashmeres are in question it shall be stated whether they are pure wool or of wool and cotton; and treating of shirts, whether they are of cotton, or linen, etc.

It shall not be necessary to specify the character of those goods whose simple denomination suffices to describe them. The exact quantity of the merchandise, or its weight, shall be expressed when goods classified on those bases are to be cleared.

The total weight of packages sought to be cleared may be expressed without entering special weight; likewise, the total measurement or total number of units of one lot may be given, and those of each package forming the lot, expressed in numerals. Respecting entries covering merchandise dutiable by weight, it shall be permitted to request clearance [by means of the *póliza* or entry] with a toleration or allowance not exceeding 10 per cent in excess of the weight actually found.

Entries shall be extended on a single sheet, except as provided for in the following paragraph, and shall show the name of the owner or consignee of the merchandise that is to be cleared.

In one entry the clearance of merchandise arriving by as many as six different ships may be requested, provided that it belongs to the same owner or consignee and is stored in the same section of the warehouse. Packages containing mixed merchandise shall be cleared on separate entries. These entries may have more than one sheet when, upon the clearance of a single package, additional sheets are necessary to detail fully the merchandise contained therein.

On the original of each entry the duties shall be further guaranteed to the satisfaction of the chief accountant. In the "delivery" copy and in the extra copy for the warehouse division, it shall be sufficient to express, besides the name of the ship and the number of the respective general manifest, the marks, numbers, and special denomination of the packages, and the nature of the merchandise.

¹ See facsimile of "*póliza*" or entry opposite p. 168.

² Official valuations are abolished under the import tariff effective May 10, 1916.

Article 15 of the import tariff effective May 10, 1916, provides that the value of shipments, according to invoice, must be expressed in the entry (póliza) in pesos of 18d. (\$0.365 United States currency).

The following provisions are taken from various laws, decrees, and regulations:¹

After filing of the entry set, in the form previously determined, the comparing division shall compare the different copies to establish that the marks, numbers, and denomination of packages, the designation and characteristics of the merchandise agree with those noted on the respective partial or minor manifest.

After this, the division shall enter on the original and on the extra copy for the accountant's office the date of filing of the corresponding general manifest, for the purpose of the collection of storage charges.

If no differences are found, the progressive number shall be noted on all copies, the date, signature, and stamp affixed to the original, and all copies except the extra for the accountant's office shall be sent to the warehouse division [Alcaldía]. * * *

After filing of the entries covering clearance of general merchandise they shall be coursed with all possible dispatch by the employees and the different departments of the customhouses without any intervention by the agents or the interested party, who shall be permitted only to be present at the examination, weighing, and classification, and to enter such protests as they deem pertinent against classifications.

The entries shall be transmitted from one department of the customhouse to another by customs employees only, and receipts for them shall be taken in special booklets having numbered pages, stamped with the customs seal.

Generally, collectors of customs, and at Valparaiso the chief examiner, shall designate on entries ready for classification the name of the examiner who is to perform this duty.

Nevertheless in the customhouse at Valparaiso the chief shall designate daily those examiners who are to clear merchandise on the Esplanada, at the Almendral, on the wharf, and in the first warehouse section, in order that all customs examiners may take turns in performing duty at those points.

The course of the entries may not be interrupted for any reason and must be continued until the duties payable have been liquidated, even though the interested parties should not be present at the examination and classification of the goods.

After the merchandise has been extracted from the warehouses and prepared at the place of examination, the examiner shall make the return of dutiable classification, and to this end he may require the opening of as many packages as he thinks necessary. * * *

Differences found upon examination shall be noted by examiner on the entry below or following the item in question. In no case shall the operations of examination and classification be effected unless the examiner has the respective entry before him.

In the customhouses at Valdivia, Coronel, Talcahuano, Valparaiso, Coquimbo, Antofagasta, and Iquique the clearance of merchandise, including the operations of weighing and classification, shall be effected by commissions composed of one examiner, one apprentice examiner, and one weigher, who shall proceed jointly and sign the respective entries upon completion of their work.

¹ Decrees No. 598 of Mar. 20, 1896; No. 3034 of Nov. 30, 1912; No. 374 of Mar. 3, 1897; No. 1345 of May 31, 1886; No. 3058 of Nov. 2 1892; arts. 181 and 182 of the Custom Regulations, and arts. 186, 187, and 189 thereof, as modified by decree No. 3034 of Nov. 30, 1912; art. 4, Law No. 921, of Feb. 26, 1897; art. 3, decree of Oct. 17, 1884; art. 3, decree No. 522 of Mar. 24, 1897; arts. 35, 37, and 69 of the Customs Ordinances; circular of the superintendent of Aug. 27, 1908; and Law No. 1992 of Aug. 27, 1907; No. 2035 of Sept. 11, 1907; and No. 2129 of Sept. 21, 1908.

In the other customhouses clearance shall be effected by commissions of one examiner and two employees designated by the superintendent of Chilean customs upon nomination by the respective collectors of customs.

Differences of opinion as to classification or procedure that occur among the members of these commissions shall be decided by the chief examiner at the customhouse at Valparaiso, subject to review by the collector of customs, and at other ports shall be decided by the collectors of customs.

If the merchandise described in the entry is liable, whether through difference in description, quality, measurement, or the number of pieces or units, to a greater duty than that applicable to the merchandise found in the respective package or packages, clearance shall be suspended until the following day and then the examination and classification shall be made by the chief examiner at Valparaiso, accompanied by the examiner who made the first verification, and at the other ports shall be effected by the examiner and the collector of the respective customhouse.

When upon clearance packages are found in which the difference exceeds the toleration of 10 per cent [declared in excess], the classifying commission shall detain the respective package or packages until the weight has again been checked. This shall be verified at Valparaiso by the chief examiner, and at the other customhouses by the collector or an employee designated by him, and this operation shall invariably be effected during the first working hour of the following day. * * *

Merchandise not provided for in the tariff shall be appraised by examiners in accordance with the latest wholesale prices obtaining at customhouse sales [from bond or other warehouse, etc.].² Should these means of comparison be lacking, it shall be appraised at the prevailing local market value of the same article, less customs import duties; and if even these data should not be obtainable, the examiner shall determine the value at his discretion, taking the quality of the goods into consideration.³

Abatement of duties for damage allowed at the customhouse at Valparaiso shall be conceded and certified in all cases by two examiners when it is impossible for the chief personally to examine the merchandise. * * *

The chief examiner at Valparaiso shall hold a daily drawing of entries classified during the day, and shall cause the merchandise covered by the entries so drawn by lot to be reexamined by the inspectors of examiners⁴ and weighers. In other customhouses both of these operations shall be conducted by the collector.

Each case of difference in dutiable return shall be communicated to the superintendency of customs.

After dutiable return has been made, the examiner shall certify to that effect on the original entry, and shall make the notation "classified" on the "delivery" copy. The examiner's division or office shall then send both copies, under receipt, to the liquidation section of the accounting department.

¹ Rule 1, regulatory decree No. 364, of Mar. 22, 1916, provides that no clearance shall be considered legally terminated without the intervention of the chief examiner at Valparaiso and of the collector of customs at other ports, certified by their approval on the respective entry, in the following cases: * * * "(c) When upon the examination of merchandise it develops that the same is subject to less duties than those that would have accrued thereon according to declarations in the entry, by reason of its inferior quantity or quality."

Rule 2, regulatory decree No. 364, of Mar. 22, 1916, provides that when it develops from the examination of merchandise that the same is subject to less duties than those that would have accrued thereon, according to specification in the entry, the coursing of this document shall be suspended for the period of 48 hours. This suspension shall not be effective when merchandise is presented for clearance in packages containing but one class of goods, if duties thereon are applicable on the basis of weight and such weight is indicated in the entry with an excess up to 10 per cent over and above the true weight found.

² This value refers generally to withdrawals from bond for reexportation, transshipment, the sale of ship's stores, etc.

³ Under operation of the similitude rule (art. 2) of the import tariff effective May 10, 1916, recourse to this practice probably will be infrequent.

⁴ Duties of inspectors of examiners are similar to those of special treasury agents.

The liquidation section after receiving these shall obtain from the division of comparison the extra copy for the accounting division and copy thereon all notations appearing on the original, after which it shall proceed with liquidation of the entry. When this has been effected the extra copy for the accounting division and the "delivery" copy shall be sent to the bulletin division, in order that the corresponding bulletin may be extended or a promissory note covering duties be required, according to circumstances. The liquidation section shall retain the original until payment of duties has been made.

After payment has been effected the cashier shall remit the "delivery" copy to the warehouse division, under receipt, for delivery of the packages, noting thereon the number of the bulletin or receipt covering payment of duties or the number of the corresponding promissory note, according to circumstances.

The promissory note shall be remitted for safekeeping to the chief accountant, and the extra copy [of the entry] for the accounting department, to the bookkeeping section.

The import duties and storage charges shall be paid in paper currency at the exchange necessary to yield pesos of 18d. [\$0.365 United States currency] on London bills of exchange at 90 days.

The President of the Republic shall fix the exchange weekly, taking the average international exchange of the preceding week as a basis.

The bookkeeping section, after receipt of the extra copy for the accounting department, shall secure the original [entry] from the liquidation section, and if upon comparison both are found to agree, shall transmit the first to the division of comparison and shall post in the books from the original entry [poliza] such accounting entries as may be necessary.

Import duties shall be paid in cash or at the latest within four days after notice to the interested party of the amount of duties liquidated by the customhouse, with the exception of duties caused by merchandise stored in private [bonded] warehouses, for which promissory notes due six months from date of classification of the goods shall be signed.

After cash payment of the duties or acceptance of promissory notes by the customhouse the guaranty or bond appearing on the entry is automatically canceled without prejudice to reliquidation originating from corrections made through the corresponding offices.

If upon expiration of the period fixed for payment of duties or the maturity of promissory notes their amounts are not satisfied, the debtor shall be held in delinquency and subject to the penal interest charges of 1 per cent monthly. * * *

The audit system.—The following extracts are taken from decrees No. 3844 of October 4, 1905; No. 473 of March 10, 1897; budget law of 1901; Law No. 2764 of January 28, 1913; superintendency order of March, 1897; superintendency decisions No. 1337 of March 13, 1909, and No. 54 of August 9, 1906:

The duties of the revision [audit] office are:

To review or revise within the period of 60 days all customs procedure shown by customs documents, to the end that the superintendency of customs may fiscalize operations of the service.

To forward to the superintendency all corrections arising from irregularities noted in the application of the customs ordinances, laws, regulations, and other customs dispositions.

To note on the entries the outcome of each correction indicated, and if such documents are not in its possession to forward monthly a statement of corrections indicated, in order that the superintendency may transmit the same to the tribunal of accounts.

Corrections formulated by the audit office must be disposed of within 30 days of the date of their receipt in the customhouse to which indications of error have been sent.

The following are extracts from decree No. 3844 of October 4, 1905, superintendency circulars No. 69 of October 12, 1906, and No. 51 of May 26, 1911:

Collectors of customs shall render monthly accounts of the service, through the superintendency of customs. Said accounts shall be transmitted directly to the revision [audit] office.

They shall be examined by said office and abstracted by the office of commercial statistics within the term of sixty days, and immediately thereafter transmitted to the chief bookkeeping division.

Collectors shall annex to import entries a daily statement of duties paid, showing the progressive number of the entry [póliza] and detail of the amount collected from each source, such as import duty, storage charges, surtax, etc.

The following provisions are taken from superintendency circular No. 62 of July 30, 1913:

Collectors of customs must remit the documents and tables or abstracts hereinafter enumerated by the first post, or at the latest four days after the end of the month, fortnight, etc., directing them to the superintendency, and noting further on the envelope the office to which they should be delivered, whether that of revision [audit] or of commercial statistics. * * *

Fortnightly to the audit office:

Import entries; export entries subject to export duties; entries covering transshipment or relading of ship's stores; entries covering reexportation to foreign points and to national ports; auction sales statement and accounts; and records of duties collected on postal packages.

Monthly to the audit office:

Consular invoices. * * *

Title II, article 5, No. 2, Law of January 20, 1888, provides that the court or tribunal of accounts shall—

Exercise supervision of the fiscal offices of the Republic and exact compliance with the laws and decrees relative to matters expressed in Article I. * * *

Title IV, article 5, of the same law, provides that accounts must be examined and closed within a period not exceeding three years, counted from the date of their receipt by the president of the tribunal of accounts.

The Chilean system has more stringent requirements as to shipping documents and permits less latitude in amendment of ships' manifests than other South American countries. A fairly solid basis and nearly sufficient material for complete audit thus is available if the proper documents are coordinated, but it is understood that the póliza or entry itself, from which supporting documents may be traced in case unusual circumstances are noted at the time of audit, is the foundation for revision. Samples of textiles, paper, etc., are not extracted upon examination for guidance of the auditor. The Chilean tariff, effective May 10, 1916, qualifies the classification of a

number of cotton and linen textiles by thread count in a square of 5 millimeters and by the weight per square meter,¹ and the adoption of a sample card system thus would be of great value in securing uniformity in classification of textiles throughout the service. So far as can be learned, the auditor has not the complete record of shipping documents, beginning with the general manifest, ending with the paid or canceled entry, and including the minor or partial manifest, the bill of lading, and the consular invoice, before him or available for routine and invariable scrutiny and comparison.

It need scarcely be repeated that a prompt, complete, and independent audit of every customs transaction after its conclusion, no matter what precautions may be taken against error at the time of and before clearance or examination, is one of the best safeguards to the revenue and to legitimate importing interests. With the splendid organization employed in compiling Chilean commercial statistics, which are remarkably complete and detailed, it would seem relatively simple and expedient for the Chilean Government to inaugurate a very complete and automatically balanced audit.

Section 7. Method of calculating duties in Chile and typical clearances through the Valparaiso customhouse.

American cotton prints.—The following (A) illustrates an importation of 25,000 yards (22,860 meters) plain-woven American cotton prints, 25 inches (63.5 centimeters) wide, 64 by 64 ends per square inch (25 threads per square of 5 millimeters); weight per 100 square yards, 15 pounds 10 $\frac{1}{4}$ ounces (8.500 kilos per 100 square meters—or 85 grams per square meter). Assumed c. i. f. value at Valparaiso is \$1,329.50 United States currency; gross weight, 1,592 kilos (3,510 pounds); net weight, without interior wrappings, etc., 1,234 kilos (2,720 pounds); dutiable under paragraph 714 of the new tariff at ₡0.32² per kilo, plus ₡0.66 per kilo under the provisions of paragraph 735 for printing, dyeing, or manufacture with dyed yarns, on the net weight, both rates specific.

1,234 kilos, at ₡0.32	₡394.88
Additional duty, 1,234 kilos at ₡0.66 per kilo (par. 735).....	814.44
Storage charges, 4 per cent of duties (par. 1 of art. 17, new tariff) on ₡1,209.32	48.37
Add 109.89 per cent of ₡394.88 plus ₡814.45 plus ₡48.37=₡1,257.69 to convert to paper at ₡209.89, the ratio (termed "recargo" in Chile) prevailing when shipment (A-1) was liquidated	1,382.08
Handling (movilizacion) charges on general merchandise at ₡1.60 per 100 kilos or fraction. This includes labor charges for discharge, clearance opening, repacking, etc., authorized under article 9, decree No. 4390 of December 5, 1906—1,600 kilos, at ₡1.60 paper currency.....	25.60

¹ Square of 1 inch side divided by 5.08=square of 5 millimeters side; square yard=0.836 square meter. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

² The Chilean gold peso equals \$0.365 United States currency. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

Stamped paper; partial or consignee's manifest (manifesto por menor) in duplicate at ₡1 per copy (₡2), and entry (póliza) in quadruplicate at ₡0.40 per copy (₡1.60) paper currency, Law No. 2219 of September 7, 1909, and Law No. 2288 of March 5, 1910..... ₡3. 60

Total currency..... 2, 668. 97

Early in February, 1916, an American dollar could be sold in Valparaíso for ₡5.85 currency, and all calculations under examples in this section except "D-2" are converted to United States currency at that rate. Duties and fiscal charges on (A) converted on this basis, therefore, would amount to \$456.23 United States currency which is 34.3 per cent of assumed c. i. f. value. Grey or unbleached textiles of the same weight, width, and thread count are dutiable under paragraph 714 at ₡0.32 per kilo, on the net weight, but bleached textiles, otherwise identical, under paragraph 714 at ₡0.32 per kilo, on the net weight, plus ₡0.20 per kilo under the provisions of paragraph 732, for bleaching. All other charges are the same as for a like quantity of prints. The duty on these prints therefore exceeds that on grey goods by ₡0.66 per kilo, net weight, or 206.25 per cent, and the duty on bleached exceeds that of grey goods by ₡0.20 per kilo, net weight, or 62.5 per cent.

The following (A-1) illustrates liquidation of duties on the same shipment of prints under the old tariff, dutiable then under paragraph 1362 of the tariff at 25 per cent of an official valuation of ₡3.60 per kilo, on the net weight.

1,234 kilos at ₡3.60=₡4,442.40—official valuation. 25 per cent of ₡4,442.40.....	₡1, 110. 60
Add 109.89 per cent to convert to paper at (209.89) the ratio (termed "recargo" in Chile) proclaimed by the Executive for the period when duties on this shipment were liquidated.....	1, 220. 40
Storage of 1 per cent on official valuation ₡4,442.40, under provisions of Article I, Law No. 2664, July 16, 1912.....	44. 40
Add 109.89 per cent to convert to paper at 209.89 per cent exchange.....	48. 80
Increase of 5 per cent on official valuation ₡4,442.40, under provisions of Law No. 2641, February 12, 1912.....	222. 10
Add 109.89 per cent to convert to paper at 209.89 per cent exchange.....	244. 05
Handling (movilizacion) charges on general merchandise at ₡1.60 per 100 kilos or fraction. This includes labor charges for discharge, clearance opening, repacking, etc., authorized under article 9, decree No. 4390 of December 5, 1906; 1,600 kilos at ₡1.60 paper currency.....	25. 60
Stamped paper: Partial or consignee's manifest in duplicate at ₡1 per copy (₡2) and entry (póliza) in quadruplicate at ₡0.40 per copy (₡1.60) paper currency, Law No. 2219 of September 7, 1909, and Law No. 2288 of March 5, 1910.....	3. 60
Total currency.....	2, 919. 55

2,919.55 pesos are equal to \$499.06 United States currency (at ₡5.85 paper), which is 37.5 per cent of assumed c. i. f. value.

The same quantity of bleached cotton textiles, identical in width, count, weight, and quality, formerly would have been dutiable under paragraph 1364 at 25 per cent on official valuation at ₡2 per kilo net weight. Duty 25 per cent, increase 5 per cent, and storage 1 per cent (31 per cent of official valuation), therefore, were collected on 1,234 kilos at ₡2 per kilo (₡2,468); all other charges the same as for same quantity of prints. Duties and other fiscal charges on such a shipment hence reached 1,635 paper pesos, equaling \$279.49 United States currency at the same rate of exchange, or 56 per cent of the duty and charges at that time accruing on prints. "A" and "A-1" exemplify the wide difference in duties between prints, bleached goods, and grey goods, a distinction scarcely in harmony with the difference in market value between prints and sheetings under normal conditions.

Nickel watches.—The following ("B") illustrates an importation of 1 gross nickel watches, assumed c. i. f. value Valparaiso \$75 United States currency; gross weight, 40 kilos (88 pounds); dutiable under paragraph 1657 of the new tariff at ₡1 each, specific.

144 watches, at ₡1.....	₡144.00
Storage charges, 4 per cent of duties.....	5.76
Add 109.89 per cent of ₡149.76 for conversion as in "A".....	164.57
Handling (movilizacion) charges on 40 kilos, gross weight, at ₡1.60 per 100 kilos or fraction, paper.....	1.60
Stamped paper charges, paper.....	3.60
Total currency.....	319.53

319.53 pesos are equal to \$54.62 United States currency (at ₡5.85 paper), which is 72.8 per cent of assumed c. i. f. value.

The following ("B-1") illustrates liquidation of duties on the same shipment under the old tariff, dutiable then under paragraph 618 of the tariff at 15 per cent of an official valuation of ₡3 each.

144 watches, at ₡3=₡432, official valuation.....	
15 per cent of ₡432.....	₡64.80
Add 109.89 per cent for conversion.....	71.20
Storage, 1 per cent on official valuation, ₡432.....	4.30
Add 109.89 per cent for conversion.....	4.70
Increase of 5 per cent on official valuation, ₡432.....	21.60
Add 109.89 per cent for conversion.....	23.75
Handling charges on 40 kilos gross weight at ₡1.60 per 100 kilos or fraction.....	1.60
Stamped paper charges.....	3.60
Total currency.....	195.55

195.55 pesos are equal to \$33.43 United States currency (at ₡5.85 paper), which is 44.6 per cent of assumed c. i. f. value.

Canned peaches.—The following ("C") illustrates an importation of 10 cases canned peaches, assumed c. i. f. value Valparaiso, \$36.30 United States currency, 24 two-pound cans to the case; gross weight, 260 kilos (573 pounds); dutiable under paragraph 152 of the new tariff at ₡1 per kilo on the gross weight, specific.

260 kilos, at ₱1.....	₱260.00
Storage charges, 4 per cent of duties.....	10.40
Add 109.89 per cent of ₱270.40 for conversion as in "A".....	297.14
Handling (movilizacion) charges at ₱0.55 per 100 kilos gross, or fraction, collected on provisions as distinguished from general merchandise on 260 kilos, paper.....	1.65
Stamped paper charges, paper.....	3.60
Total currency.....	572.79

572.79 pesos are equal to \$97.91 United States currency (at ₱5.85 paper), which is 269.7 per cent of assumed c. i. f. value.

If this result is compared with the example immediately following, the increasingly protective tendency in this direction is evident.

The following ("C-1") illustrates liquidation of duties on the same shipment under the old tariff, dutiable then under paragraph 292 of the tariff at 60 per cent of an official valuation at ₱0.60 per kilo on the gross weight.

260 kilos, at ₱0.60=₱156, official valuation.	
60 per cent of ₱156.....	₱93.60
Add 109.89 per cent for conversion.....	102.85
Storage, 1 per cent on official valuation, ₱156.....	1.55
Add 109.89 per cent for conversion.....	1.70
Increase of 5 per cent on official valuation, ₱156.....	7.80
Add 109.89 per cent for conversion.....	8.55
Handling charges at ₱0.55 per 100 kilos or fraction, gross, collected on pro- visions as distinguished from general merchandise (260 kilos).....	1.65
Stamped paper charges.....	3.60
Total currency.....	221.30

221.30 pesos are equal to \$37.83 United States currency (at ₱5.85 paper), which is 104.2 per cent of assumed c. i. f. value.

Even this rate, obviously, was deliberately protective of certain Chilean canning industries.

Canned salmon.—The following ("D") illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Valparaiso, \$37.30 United States currency, 48 one-pound cans to the case; gross weight, 311 kilos (686 pounds); dutiable under paragraph 27 of the new tariff at ₱0.25 per kilo on the gross weight, specific.

311 kilos, at ₱0.25.....	₱77.75
Storage charges, 4 per cent of duties.....	3.11
Add 109.89 per cent of ₱80.86 for conversion, as in "A".....	88.86
Handling (movilizacion) charges at ₱0.55 per 100 kilos gross or fraction collected on provisions, etc., on 311 kilos, paper.....	2.20
Stamped-paper charges, paper.....	3.60
Total currency.....	175.52

175.52 pesos are equal to \$30 United States currency (at ₱5.85 paper), which is 80.4 per cent of assumed c. i. f. value.

The following ("D-1")¹ illustrates liquidation of duties on the same shipment under the old tariff, dutiable then under paragraph 32 of the tariff at 25 per cent of an official valuation at ₡0.50 per kilo on the gross weight:

311 kilos, at ₡0.50=₡155.50, official valuation.	
25 per cent of ₡155.50.....	₡38.90
Add 109.89 per cent for conversion.....	42.75
Storage, 1 per cent of official valuation, ₡155.50.....	1.55
Add 109.89 per cent for conversion.....	1.70
Increase of 5 per cent on official valuation, ₡155.50.....	7.75
Add 109.89 per cent for conversion.....	8.50
Handling charges, at ₡0.55 per 100 kilos or fraction, gross, collected on provisions, etc. (311 kilos).....	2.20
Stamped-paper charges.....	3.60
Total currency.....	106.95

106.95 pesos are equal to \$18.28 United States currency (at ₡5.85 paper), which is 49 per cent of assumed c. i. f. value.

In the following ("D-2") 50 cases canned salmon shipped from San Francisco to Valparaiso are shown. Liquidation of this shipment was effected January 27, 1916, in the Valparaiso customhouse when the former tariff was still in force. General ship's manifest showed proper description as to identity of goods, with 1,610 kilos (3,549 pounds) gross weight indicated. Bill of lading set forth 50 cases salmon—no weight or value given. Consular invoice read 50 cases salmon—each 36.30 kilos gross (80 pounds) and 21.76 kilos net (48 pounds), value given at \$480 United States currency (probably a shipment of 50/48/1's).

Poliza (entry) declared 50 cases salmon in water at 36 kilos gross each (total of 1,800 kilos). The comparison between the 1,610 kilos on ship's manifest, the 1,815 kilos (36.30 per case) indicated in consular invoice, the 1,800 kilos entered by importer, and the 1,750 kilos returned by customs examiner, is interesting and illustrates the elasticity with which merchants who are familiar with the Chilean customs system may proceed. Examiner (vista) certified gross weight to be 35 kilos per case, or a total of 1,750 kilos for the shipment, and the lot therefore fell within the 10 per cent "tolerancia" or variation allowance.² Duties were liquidated as follows, under paragraph 32 of the old tariff at 25 per cent of official valuation of ₡0.50 per kilo on gross weight:

25 per cent of official valuation on 1,750 kilos, at 50 cents per kilo.....	₡218.75
Add for conversion, 108.68 per cent at time of liquidation.....	237.75
Storage, 1 per cent of official valuation.....	8.75
Add for conversion.....	9.50
Increase of 5 per cent on official valuation.....	43.75

¹ See facsimile opposite p. 168.

² Decree No. 3058 of Nov. 2, 1892.

Señor Administrador de Aduana:

PLATE X.

[illegible]

Mapas	Números	Bultos	CONTENIDO	Pertene	AVALÚO	Importe	Remesas
		10	Diez cajones con trescientos onces kilos bruto todo, salmón en agua o en aceite	32	cincenta centavos kilo bruto. 2da. 12/916	32/ 1.55.50	1.55.50
						32.90	1.57.
						7.95	1.76
			11 155.50 1.55.50 32.90 1.57. 7.95 1.76				
			<i>investigación en Obuseles</i> $4 \times 0.55 \text{ lbs.} = 100 \text{ lbs.} =$ $\text{francos} = 400 \text{ K.} =$ $0.55 = 2.20$				

CHILEAN CUSTOMS IMPORT ENTRY (POLIZA). (FRONT.)

Add for conversion.....	₱47.55
Handling charges (movilizacion)	9.90
Total currency.....	575.95

575.95 pesos at the rate of ₱5.80 exchange then prevailing equaled \$99.30 United States currency, which is 20.7 per cent of the entered invoice value.

Whether the values indicated in the consular invoice, working out at precisely 20 cents United States currency per net pound, were correct or not, or if this entered invoice value included c. i. f., or if it was adopted simply as a matter of insurance precaution (the invoiced value bore no relation to duties then or at present respecting canned salmon) was not determined. A wholesale price of 20 cents per pound for either pink or red canned salmon appears to be unusual.

As shown in "D," the new tariff provides a specific rate of ₱0.25 per kilo gross weight on canned salmon, against the equivalent of ₱0.15 per kilo gross weight formerly effective. On canned sardines the new tariff fixes a specific rate of ₱0.30 per kilo gross weight, compared with the effective rate of ₱0.24 per kilo gross formerly levied, and while increasing the duty on salmon by 67 per cent increases the rate on sardines only 25 per cent. Sardines formerly paid duty at 60 per cent more than salmon, but under the existing law pay only 20 per cent in excess of what is levied on salmon thereunder. Both the old and the existing tariff could have been modified with profit to commerce and to the Chilean revenue respecting canned goods by the equalization of duties in relation to market prices through more specific nomenclature.

Men's woolen or worsted suits.—The following ("E") illustrates an importation of 1 dozen men's woolen or worsted suits (coats, vests, and trousers), summer weight, with or without admixture of cotton or other vegetable fiber, assumed c. i. f. value Valparaiso, \$116 United States currency; estimated gross weight, 60 kilos (132 pounds), and net weight, 33 kilos (72.75 pounds); dutiable under paragraph 962 of the new tariff at ₱7 per kilo on the net weight, specific:¹

33 kilos, at ₱7.....	₱231.00
Storage charges, 4 per cent of duties.....	9.24
Add 109.89 per cent of ₱240.24 for conversion as in "A".....	264.00
Handling (movilizacion) charges at ₱1.60 per 100 kilos gross, or fraction, on 60 kilos, paper.....	1.60
Stamped paper charges, paper.....	3.60
Total currency.....	509.44

509.44 pesos are equal to \$87.08 United States currency (at ₱5.85 paper), which is 75.1 per cent of assumed c. i. f. value.

¹ It should be noted that if clothing of this kind with pin stripes of silk thread or with silk yarn or thread in similar proportion woven into the goods is imported, the articles become dutiable under paragraph 1049 of the tariff at ₱13 per kilo on the net weight, specific.

The following ("E-1") illustrates liquidation of duties on the same shipment under the old tariff, dutiable then, if of ordinary quality (and not of alpaca), under paragraph 1801 of the tariff at 60 per cent on an official valuation of ₧8 per kilo on the net weight.

33 kilos at ₧8=₧264, official valuation.	
60 per cent of ₧264.....	₧158.40
Add 109.89 per cent for conversion.....	174.05
Storage, 1 per cent of official valuation.....	2.65
Add 109.89 per cent for conversion.....	2.90
Increase of 5 per cent on official valuation.....	13.20
Add 109.89 per cent for conversion.....	14.50
Handling charges (movilizacion).....	1.60
Stamped paper charges.....	3.60
Total currency.....	370.90

370.90 pesos are equal to \$63.40 United States currency (at ₧5.85 paper), which is 54.6 per cent of assumed c. i. f. value.

Comment is made elsewhere to the effect that the general tendency under the new tariff is toward increased duties. In this connection comparison should be made of examples "B," "C," "D," and "E" in this section, liquidated under the law effective May 10, 1916, with the extension of duties on the same merchandise in examples "B-1," "C-1," "D-1," and "E-1," as levied under the former tariff. The shipments referred to, identical in every way, are among those liquidated as typical examples under the tariffs of the other South American countries discussed in this report.

Section 8. Fines and seizures.

Fines.—As explained elsewhere, the former tariff, administered under these laws, was based principally on the official valuation system, and many fines were computed on those official valuations. Therefore, the change to import duties of specific rates rendered necessary a modification, either in the wording of the Customs Ordinances and Customs Regulations, or the provision of some new valuation basis to replace that abrogated by the new customs tariff. The first article quoted below covers this point, and must be considered in construing references to fines in this section.

Article 19 of the Chilean customs import tariff, effective May 10, 1916, provides:

For purposes of the application of fines established by law on merchandise subject to import duty, and based on the value of the goods, said value shall be computed at four times the amount of duties applicable. For the same purposes, when the value of duty free merchandise or of coastwise merchandise is involved, this shall be determined according to the procedure prescribed in article 69, Customs Ordinances.¹

¹ Cited in sec. 11 of this chapter.

Article 89, paragraphs 8 and 20, and article 91, of the Customs Ordinances provide that the following fines shall be applied:

Five per cent on the valuation of all merchandise that is added to the entry without permission of the chief of customs, after coursing thereof has been authorized by him.

A fine equal to the amount of duties for all excess found in any package of merchandise subject to import or export duties over and above the weight, number, or measurement declared in the entry, provided that the amount of this excess is not greater than ₧100.

If the person guilty of smuggling is a merchant or a customs agent, no manifest or entry with his signature shall be received thereafter. If an employee, he shall be removed without prejudice to the criminal action that may lie against him. If the merchandise is free of duty it shall be considered for the purposes of fine as subject to a duty of 25 per cent.

Article 16 of the Chilean customs import tariff, effective May 10, 1916, stipulates:

When importers lack the consular invoice, and under articles 6 and 19 of Law No. 2208, of September 21, 1909, it is incumbent on customhouses to collect the consular fees and consular fines, the person signing the entry [póliza] shall present a private invoice showing all the data required in such documents [consular invoices], and the value of the merchandise shall be fixed in accordance with article 69, Customs Ordinances.¹

Article 6 of Law No. 2208 of September 21, 1909, reads:

In the absence of a consul of Chile at the port of shipment * * * the consular fees for invoices and bills of lading shall be paid at the maritime or land customhouses.

Article 19 of Law No. 2208 of September 21, 1909, provides:

The port or customs authorities, as the case may be, shall collect and remit to the fiscal office of Chile in London for credit to the respective consuls such fees as are required for the issue or visé of documents related to shipping and cargoes, presented without compliance of interested parties with the corresponding [consular] formalities.

At the same time they shall collect as a penalty, for benefit of the national treasury, a sum equivalent to treble the fees of which payment was omitted.

This penalty shall not be applied in the cases of invoices emanating from places at which there are no Chilean consuls, and in such cases the port or customs authorities shall collect the consular fees.

Article 7, Law No. 2208 of September 21, 1909, provides:

Lack of the consular visé shall be penalized by a fine treble the amount of the corresponding consular fees, payable upon the filing of the [entry] documents in customhouses of the Republic.

The Chilean consular fees² for legalizing a bill of lading are equivalent to 75 cents United States currency. The lack of this document, therefore, would be penalized by a fine of \$2.25, and the unpaid consular fee of 75 cents would also be collected. Chilean consular fees for legalization of invoices are equal to \$3 United States currency on shipments not exceeding \$250 United States currency in value. On

¹ Cited in sec. 11 of this chapter.

² The law of Feb. 11, 1916, increased Chilean consular fees by 50 per cent during the period from Apr. 1 to Dec. 31, 1916. Increases are computed in fees here indicated.

shipments of greater value the fee is \$3 for the first \$250 plus \$1.50 for each additional \$200 (75 cents for the first \$50 and again 75 cents for the remaining \$150). For example, the consular fees on an invoice amounting to \$655 United States currency would reach \$6.75 United States currency. The fine applicable for lack of this document would be treble the unpaid consular fee, based on value of shipment determined in accordance with article 16 of the customs import tariff effective May 10, 1916 (cited in this section), and article 69 of the Customs Ordinances,¹ and both the fee and the fine would be collected by Chilean customhouses.

American shippers should bear in mind that fines and seizures originating from errors in description, weight, etc., committed by exporting houses or their agents are considered proper charges against them by foreign consignees.

Seizures.—Article 84, paragraph 11, and article 86, paragraphs 1 and 2, of the Customs Ordinances provides that the following shall be subject to seizure:

Merchandise, defraudation of the duties on which is attempted by any customs agent or importer during customs clearance, whether by the abstraction of entries, or by the amendment of words and numbers for the purpose of reducing the quality, weight, number, or classification of its nature, or whether using any other expedient in executing the fraud, and, further, that a fine of 25 per cent shall be imposed.

Everything found in excess above the weight, number, or measurement declared in the entry, in any package of merchandise subject to import or export duty, provided that the excess amounts to more than 100 pesos, based on the entire contents of the entry. If the amount should not exceed said sum, the only penalty applied shall be a fine equal to the amount of duty accruing on the merchandise.

Merchandise altered in the entries when the amount of duties sought to be evaded by fraud exceeds ₡25. If it should not exceed this amount, a fine equal to the duties accruing only shall be applicable.

Alteration is defined as follows:

When it is found that the merchandise is different from that entered as to its nature or class or of greater value than that indicated in the entry, and through such alteration the defraudation of all or part of the fiscal duties would result.

When merchandise is entered that, according to declaration of the interested party, should pay less duty than that legally accruing (whether the official valuation ² of the class be greater or less), if this change in designation is made with the purpose of prejudicing the revenue.

When merchandise subject to import duties is declared free of duty.

Time allowed for presentation of consular documents originating in certain countries.—According to file No. 3063 of October 20, 1913, letter addressed by the minister of foreign relations to the superintendency of Chilean customs, the period of three months from the time of filing the minor or partial manifest is allowed for presentation of consular documents covering merchandise from Central America, under a special bond.

¹ Cited in sec. 11 of this chapter.

² Official valuation system is abolished under the law effective May 10, 1916.

Section 9. Protests and appeals.

Article 20 of the customs import tariff effective May 10, 1916, provides that—

Protests against classification, appraisal, weight, measure, or quantity of merchandise, shall be lodged with the collector of customs of the respective customhouse, who shall decide the issue after hearing two experts, one named by the customhouse and the other by the interested party, the chief of examiners, if the controversy arises at Valparaiso, and the examiner who effected examination and classification, if at other points.

Appeal may be taken from the decisions of collectors of customs to the superintendent of customs, and in any case he shall be consulted in rendering them. The decision of the superintendent shall be final, and shall govern in all customhouses.

Protests may not be entered after the working day following the date on which classifications have been returned on the corresponding entry [póliza], or if the merchandise or part thereof has been removed from customs custody.

Article 183, Customs Regulations, provides in part:

If protest is entered against classification, the examiner shall extract samples of the merchandise in the act of examination and in the presence of the interested party, having care that the sample selected shall faithfully represent the quality and the state of the merchandise. * * *

The board of protests shall not admit as exhibits samples taken after merchandise has been removed from the customhouse.

The claimant has a right to be heard by the respective collector of customs in connection with protests filed, and certain days are fixed for hearing, but his voluntary absence from these hearings shall not affect the validity of nor delay decision.

The time allowed for protest is scant, and the greatest vigilance must therefore be exercised by importer or his agent in the very act of clearance. The "agente," or customs agent, in Chile occupies the position held by the despachante in Brazil, Uruguay, and Argentina, and his relative importance in the clearance of imported merchandise in Chile is equal to that of the despachante in the countries mentioned.

Section 10. Smuggling and irregularities.

With regard to customs procedure, discussed in this chapter, only routine consumption entries covering goods discharged into general order stores have been considered. Goods may also be stored in warehouse under bond (one year), in private warehouse under bond (six months), and may be imported in bond for subsequent reshipment either abroad or to other Chilean ports. Certain goods may also be stored in hulks or barges (chatas) under bond for one year, and ships' stores largely are so handled. At times duty-paid goods are stored in hulks or barges also serving as stores for goods in bond.

Some competent Chilean customs officers assert that the bonded hulk or barge system affords opportunities for illicit traffic that are

not overlooked. As both foreign and national vessels are permitted to engage in coastwise traffic this inference seems reasonable, especially when the extraordinary length of Chile's coast line and the extreme difficulty of enforcing the regulation of this liberal system are considered.

The Chilean customs service is well organized; a pension and retirement system is operative, and certain officers are under bond, including the superintendent.

Section 11. Valuation.

Article 3 of the new tariff, effective May 10, 1916, provides that:

Merchandise which according to the tariff is subject to duty in relation to its value shall be returned for duty in accordance with the provisions of article 39 of the Customs Ordinances.

Article 69, Customs Ordinances, reads:

Merchandise not provided for under the tariff shall be appraised by examiners according to latest wholesale prices obtaining at custom house sales [from bond, warehouse, etc.]. Should these means of comparison be lacking, it shall be appraised at the prevailing local market price of the same article, less customs import duties; and if even these data should not be obtainable, the examiner shall determine the value at his discretion, taking the quality of the goods into consideration.

Rule 1, regulatory decree No. 364 of March 22, 1916, provides that—

No clearance shall be considered legally terminated without the intervention of the chief examiner at Valparaiso, and of the collector of customs at other ports, certified by their approval on the respective entry, in the following cases:

(a) When the return of value on goods dutiable in relation to their value [ad valorem] is involved. * * *

The new specific tariff is framed in fewer paragraphs than the old law through the freer employment of generic terms to the exclusion of trade names, either general or local in application, and consequently embraces a broader range of articles. Further, the similitude rule¹ offers another means of classification if specific nomenclature of the tariff should not cover imports. Paragraph 1542, "simple or compound chemical products not specified," 25 per cent ad valorem, is the only provision under the head of ad valorem duties.

Section 12. Classification.

The former tariff included a number of the objectionable "fine" and "medium" qualifications, so difficult of uniform application, among its provisions. Some rates were abnormally high, evidently as the result of policy rather than of unskilled framing,² and this policy is continued under the new law. The new tariff unquestionably is simpler of application and more specific in its nomenclature,

¹ Art. 2 of the new tariff, cited in sec. 1 of this chapter.

² See secs. 1 and 17 of this chapter.

or, at least, so devised that most articles of manufacture will find classification under some specific rate. In certain instances the inclusion of a number of articles of the same material, but different degrees of elaboration and consequently different market value, under one very broad paragraph, probably will result in unequal taxation. Under such paragraphs the relation of duty to cost will not be maintained at the same ratio for all articles dutiable thereunder, for the reason given. The new tariff devotes 363 paragraphs to pharmaceutical products, accessories, and chemical products, all but one carrying specific rates, while the former tariff had 953. This tendency of South American countries to dilate the drug and chemical schedules has been commented on in other chapters.

Section 13. Abandonment and sale of abandoned or unclaimed goods.

Paragraph 5, article 17, of the customs import tariff, effective May 10, 1916, provides that—

After the period of 45 days fixed for withdrawal of merchandise subject to obligatory clearance [merchandise cleared and delivered from wharves, and not stored or discharged into customs warehouses,] that of one year for merchandise stored in customs warehouses for consumption in Chile, and that of two years for merchandise declared "in transit," have expired without withdrawal or clearance of the respective goods, they shall be sold at public auction, according to provisions of the Customs Ordinances.

Article 81, Customs Ordinances, provides that:

The existence of unclaimed goods of unknown origin found in customs warehouses shall be advertised during 15 days in the Official Gazette, or by posters, showing the numbers, marks, etc., and if the interested party does not appear to claim them within this period, they shall be sold at public auction.

Provision is made under the law for the deduction of duties, other fiscal charges, etc., from proceeds of auction sale, and for disapproval of sale by the respective customs chief, should he consider the bids offered too low.

The absence of a requirement that full customs duties and fiscal charges be fixed as an acceptable minimum upon auction sale offers the same dangers to revenue and commerce observed in other countries.

Section 14. Samples of commercial travelers.

Commercial travelers should have their sample packages, trunks, etc., listed on the general ship's manifest, as such articles do not come within the term "baggage" under the Chilean customs tariff. Failure to enter such samples on the ship's manifest is penalized by a fine equal to the duties, if dutiable goods are in question, and a fine of 5 per cent of the value as determined according to article 69 of the Customs Ordinances,¹ if free of duty.²

¹ Cited in sec. 11 of this chapter.

² Art. 80, par. 14, Customs Ordinances, as modified by art. 19 of the Chilean customs import tariff effective May 10, 1916.

Commercial travelers' samples may be entered for constructive bond for a period of six months, under acceptable promissory note executed to cover duties caused, without payment of duties thereon, and the bond or note is canceled upon proof of reexportation within that period, after verification by customhouse of the contents originally entered.

Commercial travelers are not required to take out permits or licenses in Chile, as they are in Argentina.

If so desired, the commercial traveler may deposit cash equal to the amount of the duties. In order to release this security a certificate of reexportation must be obtained. At the time of reexportation a note or other security must be substituted for the first note or security, and this in turn may be canceled by a landing certificate signed by the Chilean consul at the foreign port or place to which the samples are taken or shipped. This regulation is because of Chile's long coast line and the fear that goods might be smuggled back into the country.

Samples without commercial value may be imported free of duty; that is, samples which have been mutilated are admitted duty free. The phrase "samples without commercial value" means only those samples which have been mutilated or disfigured in such a way as to make them valueless. It does not include single shoes, gloves, etc., for one foot or hand. Formerly these were admitted free of duty, but it was found that importers were bringing in the right shoe or glove at one time or port and importing their mates at another time or port.

Section 15. Lighterage and packing.

Vessels do not dock at the wharves of Valparaiso. In this respect the port is different from the leading ports on the eastern coast, where, as has already been indicated in this report, the harbor works are extensively developed. At Valparaiso (and in other ports on the west coast) goods are landed from steamers by means of lighters. The responsibility of the steamship companies ends at tackles. The lighters are open, the freight is discharged into them, the lighters towed to shore, and the goods landed.

In Valparaiso the various companies engaged in the lighterage business have an understanding regarding the charges made for the landing of goods. The parties to this understanding are the Pacific Steam Navigation Co. (Ltd.), Compañia Alemana de Vapores Kosmos, the Gulf Line, Línea de Vapores, Lamport & Holt, Línea Roland, Veleros F. Laeisz, West Coast Line, Merchants' Line, and New York & South American Line. A schedule of landing charges is published by these concerns. This understanding is not absolutely binding on the parties to it, although as a general rule the tariffs specified therein are adhered to. Special arrangements, how-

ever, are not precluded thereunder, and in the case of large shipments, or of special agreement at the port of shipment, these lighterage charges are reduced.

The fact that carrying vessels can not dock in the Chilean ports makes it important that the manufacturer in the United States should give particular attention to packing. Very often there is a heavy sea in the comparatively unprotected ports of Chile, and merchandise receives rough handling. There seems to be a general sentiment among traders in Chile that the American manufacturer does not know how to pack his goods.

The following comments of an American naval architect recently studying conditions of shipping and discharge at west coast ports are of interest, and apply to Peruvian ports with equal force:

Shippers from the United States are not careful enough in properly boxing their material. They do not realize how material is handled on the west coast. There are no docks;¹ ships lie in an open roadstead and deliver their cargoes to an open barge, which delivers them to shore. The sea is hardly ever smooth, but runs in long swells. As the barge is being loaded, the craneman waits for a time when he can drop his load on the barge where he wants it. It is not lowering as we are accustomed to see it, but dropping the cargo. Large and heavy pieces when subjected to such treatment and not properly boxed are broken partially or totally. The shipment in one loading or unloading must go through at least two such treatments. Boxes should be made as small as possible. A great many ships are only fitted with side hatches, allowing boxes of a sectional area 6 by 6 feet to pass. A shipment of greater size must wait for a ship of the center-hatch type. This means delay and money lost. At present all the ships are carrying their utmost, freights are high, and it is natural that shipping firms, if there is any choice of selecting a cargo (as there exists to-day), will take such material that is boxed and crated correctly and the other improperly boxed material is sidetracked.

Markings play an important part in shipments. Americans must remember that all South American standards are based on the metric system, dimensions in meters, and weights in kilos. To put a label in English "This side up" to a Latin port is absurd.

To illustrate, a box of plates for sugar machinery which could have been made up of 10 or 12 smaller boxes broke, one of the plates falling in the water and being lost. It was the fault of the shipper.

A few days ago a large motor car of the omnibus type was boxed with half-inch stuff. The crate was almost demolished. I did not have an opportunity of examining the car, but if it escaped injury it is a miracle.

Section 16. Commercial laws.

The following extracts are quoted from a legal opinion by Hon. Eliseo Gutierrez, M., of Valparaíso, on certain features of the Chilean laws governing bankruptcy proceedings and protest of commercial bills of exchange or promissory notes. Because of its possible bearing on the credit situation in Chile, affecting American exporters confronted with a problem of which the foreign angle perhaps is new to them, this digest has been incorporated in the report:

¹ Ships can not tie up to docks.

I. What, therefore, constitutes the state of bankruptcy is the default in the payment of commercial obligations, the consequence being that merchants, i. e., such persons who, having capacity to trade, devote themselves to commercial business as their habitual profession, are the only ones who can be adjudged bankrupts, and that failure to meet [cessation of payment of] commercial obligations is necessary in order that such a state may be engendered.

Cessation of payments by persons who are not merchants, and the failure to meet civil [current] obligations, do not engender a state of commercial bankruptcy, but instead a declaration of civil insolvency.

With regard to the obligations of the bankrupt, the states of bankruptcy or insolvency also engender effects of great importance, to wit, all his acknowledged debts become due and payable, with the sole object of enabling all creditors to take part in the bankruptcy proceedings and to receive such dividends as may be allotted to the present value of their credits. (Art. 1367, Code of Commerce.)

All ordinary, executory, civil, or commercial actions which may be pending against the bankrupt at the time of his being so adjudged, and which may affect his property, are consolidated with the universal action involving the insolvency proceedings.

Pending executions and actions instituted by mortgage creditors may be prosecuted irrespective of the insolvency proceedings.

Creditors secured by pledge or mortgage may bring claims against such property as is liable to their credits, instituting therefor proper actions or suing those which may have already been brought.

After the appointment of the permanent trustee (for which the majority votes prescribed in article 603 of the Code of Civil Procedure are required), the second meeting of creditors takes place, for the purpose of verifying (acknowledging) the credits against the insolvent or bankrupt, so as to accurately determine the amount of his liabilities. These verification [acknowledgment] proceedings are of utmost importance, as there are cases when the belated accounts [accounting], which are oftentimes entirely neglected by the bankrupt, make it impossible for the trustees to ascertain what the liabilities are so as to be in a position to advise the creditors as to what they may expect from the results of the proceedings.

The procedure for the verification of credits is prescribed in articles 641 and 642 of the Code of Civil Procedure. At the meeting for the verification the creditors may state what preferences are attached to their credits and may also contest the claims of other creditors. Article 646 of the said code establishes the right of creditors who were not present at the second meeting mentioned to have their credits verified extraordinarily.

II. Under the provisions of article 2469 of the Civil Code, creditors may require the sale of all of the debtor's property to such an extent as will cover the credits, including interest and cost of collection, in order that all may be fully paid, if the proceeds from the sale be sufficient; otherwise, these proceeds shall be distributed pro rata among the creditors, provided that *there are no special causes for the preference of certain credits over others*.

Under the law preference is established in favor of certain credits by reason of the nature itself of the obligation involved, and, in many cases, on account of the condition of the person enforcing a credit.

The only causes of preference prescribed by law are privilege and mortgage, and they are inherent in credits for whose security they have been established, and are transmitted with the credits to the persons acquiring these by assignment, subrogation, or otherwise. (Art. 2470, Civil Code.)

Outside of these cases of preference prescribed by law, our Civil Code provides for certain cases in which given persons are entitled to hold in their possession merchandise, commercial goods, or other valuables which may have been delivered to them by way of deposit, loan, or other similar manner [without transfer of ownership].

Special mention should be made of the right of retention granted by law to the lessor over furniture and other chattels of the lessee in the premises leased as a security for payment of rent due.

III. Article 2384 of the Civil Code defines the contract of pledge as that in which personal property is deposited with a creditor as security for his credit.

The right has been established of constituting a pledge on a credit by depositing with the pledgee the document creating such credit, but it is incumbent upon the pledgee to advise the debtor of credit pledged, warning him not to pay it to other persons.

A pledgee has the right to request that the pledge deposited with him by a delinquent debtor be sold at public auction, so that he may be paid out of the proceeds; in default of a suitable bid, the pledgee may request the appraisal of the pledge by experts, and that it be adjudged to him in payment until the credit shall have been canceled, no stipulation whatever to the contrary being permitted, and irrespective of the right, to which the pledgee shall always be entitled, of enforcing, through other means, the fulfillment of the principal obligation guaranteed by the pledge.

The law forbids any stipulations which may give the pledgee the right to dispose of the pledge or to appropriate the same through other means than those set forth.

Commercial cases are governed by the provisions of article 813, et seq., a contract of pledge giving the creditor the right to be paid out of the value of the property pledged in preference over other credit against the debtor, provided that (1) the contract of pledge shall have been set down in a notarial document, or in a private document certified to by a notary; (2) that the document shall contain a statement of the amount of the obligation and the nature and kind of chattels deposited in pledge, or else an attached description of their kind, weight, and measure.

IV. Paragraph 9, Title XXIII, Book IV, of the Civil Code, enumerates the obligations contracted by the buyer toward the seller in a civil contract of bargain and sale.

The principal obligation of the buyer is that of paying the purchase price at the time and place agreed to or at the time and place of the delivery [of the goods bought] if there be no agreement to the contrary.

If the buyer should be in arrears, the seller shall have the right to demand payment of the price or to request the annulment of the contract with compensation for damages.

It may happen that at the time when the seller avails himself of the right to request the annulment of the contract demanding the return of the goods sold, these may have been conveyed to other parties. For such cases, article 1876 of the Civil Code provides that annulment on the ground of default in payment of [purchase] price does not entitle the seller to recover the goods sold to the prejudice of third parties, unless there be the following circumstances: In the case of personal property the seller is not entitled to recovery except in the case when the goods shall have been fraudulently [in bad faith] acquired by a third party; in the case of real estate, the seller has not the right to recover them except when it is stated in the deed, duly recorded on a notarial document, that the buyer was indebted for the whole or part of the purchase price.

In commercial cases the obligation to pay the purchase price is governed by the provisions of article 155 of the Code of Commerce. In bankruptcy proceedings, in the course of which a creditor enforces his right to recover commercial goods and other credit documents [vouchers] not paid for and held at the time of the declaration of bankruptcy in the possession of the bankrupt, or of a third party on his behalf, it is provided that such goods may be recovered if they have been delivered or sent to the bankrupt without conveying their ownership to the latter. (Art. 1508, Code of Commerce.)

Merchandise intrusted to the bankrupt on deposit, pledge, commission [for sale by him], or in any other way not conveying ownership, may also be recovered in whole or in part, provided such merchandise is duly identified.

If the bankrupt should have sold the merchandise in question, its owner may recover its price or such part thereof as should remain unpaid or unsettled at the time of the declaration of bankruptcy.

The [purchase] price is not considered paid through the mere assignment of a credit document signed or indorsed by buyer to the order of the bankrupt, and if documents of this kind should exist in the possession of the bankrupt the owner of the merchandise may recover them, provided he proves their origin and identity.

While merchandise sold to bankrupt is in transit, the seller may hold it in his possession and recover same until the [purchase] price shall have been paid.

V. Title X, Book II, of the Code of Commerce regulates protests on bills of exchange, and its provisions are likewise applicable to drafts and promissory notes to order, as expressly prescribed in article 769 of the same code.

Protest is an act by which an officer authorized to receive oaths puts on record and certifies to the default in the payment of a bill of exchange or the failure on the part of the drawee to accept it. Bills of exchange are, therefore, protested through default in payment or failure to accept.

VI. Protests through failure to accept should be duly filed on the day after the presentation of draft, and if it should fall on a holiday on the day immediately following. Protest through failure to accept does not exempt bearer from the requirement of filing a new protest through default in payment when due.

Protest through default in payment should be filed on the day following that when the bill of exchange falls due and payable.

Bills of exchange may also be protested before they fall due if the drawee shall have been adjudged a bankrupt before said date. Bills of exchange should also be protested when drawee, even if not a bankrupt, should be under injunction or dead.

Protests of any kind should be made in the presence of a notary public and two witnesses residing in the neighborhood of drawee, or, in the absence of a notary, before the proper Government delegate and the same number of witnesses. The notary, attended by the witnesses, shall demand of the drawee the acceptance or payment of the bill of exchange, expressly warning him of his liability for damages and of the holder's rights against the indorsers of the bill of exchange.

If the drawee should not be found at his residence or place of business, the notary shall enjoin his employees, if there be any, to such acceptance or payment, or, in the absence of such employees, his wife, or his children or servants if of legal age. If none of these persons should exist or be found, this process shall be served on the municipal attorney, or, in his absence, on the Government delegate of the respective district. The notary shall make a record of these proceedings.

Protests must be made before 3 o'clock in the afternoon, and the notary shall withhold the bill of exchange and shall not attest to said protests until after sunset on the day when they shall have been filed.

Bills of exchange protested through default in payment shall bear interest at the usual rate in favor of holder from the date of protest.

VII. The holder of an accepted bill of exchange, the payment of which has been refused by drawee, must immediately protest the bill at the time and in the manner set forth in Part VI of this opinion. If this requirement should not have been complied with, the bill of exchange is considered impaired, and the holder can not hold the drawer nor the indorsers responsible for its payment, except in the following cases:

(1) When the drawee or acceptor shall have been adjudged a bankrupt before the bill of exchange fell due; (2) with regard to an indorser who maintains his credit in good standing, when the drawer, drawee [acceptor] and the other endorsers shall have been adjudged bankrupts before the bill of exchange fell due; and (3) as regards the drawer or indorser when either of them is guaranteed for the amount of the bill of

exchange in his account with the debtor, either with commercial goods, or with other valuables belonging to the latter. (Art. 702, Code of Commerce.)

The holder of a bill of exchange protested through nonpayment should also give notice of the protest to its assignor so that the latter may in his turn notify its indorser and so on until the drawer is reached.

Section 17. Industries and protection.

The Chilean Government is frankly protective in its policy toward industry. It will therefore be of interest to see what industries have been developed. Table 8¹ gives in a summary way the latest information upon this subject.

TABLE 8.—INDUSTRIAL ESTABLISHMENTS OF CHILE, 1914.

Groups.	Industries.	Establishments reporting in 1914.	Value of productions in currency. ¹
1	Alcohol, alcoholic drinks, and their preparations.....	143	₡20,837,338
2	Potteries, earthenware, glassware.....	4	1,392,268
3	Foodstuffs and their preparations.....	592	219,235,303
4	Gas works and electric plants.....	67	24,704,203
5	Shipbuilding yards.....	9	2,688,664
6	Made-up wearing apparel.....	146	18,609,916
7	Timber and its manufactures.....	163	20,140,304
8	Construction materials.....	30	3,010,982
9	Textile goods.....	16	12,085,643
10	Metals and their manufactures.....	121	16,220,909
11	Furniture.....	20	1,375,122
12	Paper, printing, and manufactures.....	93	15,088,050
13	Hides, skins, and their manufactures.....	176	48,901,058
14	Chemical and pharmaceutical products.....	75	21,495,755
15	Tobacco and its manufactures.....	35	10,778,858
16	Vehicles and transportation materials.....	29	2,089,259
17	Various industries.....	31	7,077,687
	Total.....	1,750	445,731,319

¹ One peso paper estimated equal to \$0.14 United States currency, from April 1 to Dec. 31, 1914, by the Treasury Department. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

Of the 1,750 establishments enumerated in Table 8, 760 are controlled by Chilean capital, 863 by foreign capital, 90 by Chilean and foreign capital combined, and 37 not specified.

Of a total revenue of ₡39,973,446.76 gold (₡1 equals \$0.365 United States currency) collected by Chilean customhouses during the first six months of 1915, ₡27,315,938.09 gold, or 68 per cent, were derived from export duties on nitrate alone. Of ₡70,417,480 gold collected through the same agency during the first six months of 1914, ₡41,131,019.41 gold represented export duties on nitrate—more than 58 per cent of the total revenue. Chile enjoys a monopoly of nitrate production, and the foreign consumers of this product necessarily pay the Chilean export tax that is levied thereon. Besides affording a hitherto dependable source of revenue to the Chilean Government, this assured national income from export sources places the country

¹ Anuario Estadístico de la República de Chile, Vol. VIII, Industrias (1916).

in a peculiarly independent position respecting the raising of revenue by other means, notably from imports. Free rein is given for import tariff legislation adjusted to the wishes of Chilean industrial interests, without considering the possible effect of excessively protective rates on the national revenue.

The general feeling prevails in Chile, particularly since the beginning of the European war, that she should endeavor to supply, so far as her resources permit, her own needs of manufactured goods, and while it will be many years before all the demands of the home market for the most important manufactured articles can be met, the foregoing table shows that her people have made substantial beginnings in the production of many lines of goods.

In Chile there is an association for industrial promotion¹ which has a semiofficial character. In some respects it is like the Department of Commerce of the United States Federal Government; in other respects it suggests the associations of manufacturers in this country. At all times it is zealous in looking after the interests of the national industries of Chile. It publishes information on manufactures, and uses its influence with the government when legislation is proposed or needed relating to industry. A case of its activities may be mentioned. Some years ago a soap known as Colossal soap entered the Chilean market under paragraph 84 of the former Chilean tariff act. Under this paragraph the official valuation was 50 centavos per kilo gross, and the duty levied on it was 25 per cent, plus 5 per cent surtax. The total charges under this paragraph on 10 cases of this soap were 165.40 pesos Chilean currency.

Large quantities of this soap were imported under these conditions. This fact was brought to the attention of the Sociedad de Fomento Fabril by certain producers of soap in Chile, and through the activities of this society a ruling was obtained from the Government classifying this soap under paragraph 2214 of the former tariff act, upon the ground that it was a perfumed soap. Under this paragraph the official valuation was 4 pesos per kilo, including the interior packing, and upon this official valuation a duty of 65 per cent was assessed. The total charges on the same 10 cases of soap were ₡2,224.45 Chilean currency, or over thirteen times as much as under paragraph 84.²

One of the avowed objects of the new tariff act, like that which it superseded, is the protection of domestic industries. In 1915 the Chilean Government published a book entitled "Chile", in which the various interests and aims of the country were set forth. The

¹ Sociedad de Fomento Fabril.

² Examples cited occurred under the former tariff, since superseded by the law effective May 10, 1916.

following passage¹ is of interest in connection with the subject of protection:

Customs regimen.—Chilean industries have acquired remarkable development during the existence of Law No. 980 of December 23, 1897, which fixes the customhouse duties.

According to said law, the general duty is 25 per cent on the valuation of imported goods, and as exceptional duties it fixes those of 60, 35, 15, and 5 per cent. The duty of 60 per cent is levied on some articles with the object of frankly protecting them, owing to the facility with which they can be produced in the country.

That of 35 per cent is also applied, in some cases, as a moderate protective tax, and others as a simple sumptuary duty.

Fifteen and five per cent are applied to articles which are used in the manufacture of other products, and with the same object, various articles which are considered as raw materials have been declared free of duty.

Specific duties also figure in the law already mentioned and almost all of them have a protective tendency.

Law No. 2641 of February 12, 1912, established an increase, during three years, of 5 per cent in duties based on valuation, and of 10 per cent on the impost of specific duties.

In an unpublished memorandum dated January 27, 1916, prepared for the Federal Trade Commission by Sr. Don Pedro Luis Gonzalez, one of the prominent officers in the Sociedad de Fomento Fabril, the following passage occurs, which is of interest in connection with the subject of the protective features of Chilean tariff legislation:

Law No. 980 of December 23, 1897, declares that, as a general rule, all products or merchandise coming from abroad shall pay, on entering the country, a duty of 25 per cent of their official valuation, with the exception of those which pay specific duties, of those which pay 60, 35, 15, and 5 per cent, and of those which are admitted free of duty.

The products fully protected with the especially high duty of 60 per cent are the 59 enumerated in the second article of the above-mentioned law.

The duty of 35 per cent is in the nature of a sumptuary duty with regard to certain classes of merchandise, and also protective to a certain degree of other classes.

Among these latter mention may be made of the following extracts from the third clause of the above-mentioned law:

5. Almonds.

9. Manufactured and textile articles which contain silk or imitations of silk.

10. Manufactured articles comprising linen, wool, and knitted fabrics.

11. Manufactured articles of hide or leather.

14. Manufactured articles of wickerwork, straw, palm, cane, roots, twigs, etc.

16. Buckets, baskets, and wooden tubs (or baths).

17. Saddle bow joints.

19. Trunks, leather trunks, and traveling bags.

20. Shoe blacking, or polish.

22. Iron or steel bridle bits.

24. Steel or iron buoys.

29. Cartridges and shells for firearms.

33. Belts.

34. Rockets and fireworks.

36. Glue.

¹ See pp. 229-230 of the book referred to.

- 44. Chocolate.
- 52. Artificial flowers and plants.
- 55. Copper bottoms [pans].
- 57. Matches (these now pay a specific and protective duty of ₧0.40 gold [\$0.146 United States currency] per kilo, gross weight.
- 59. Blankets.
- 63. Caps.
- 65. Gloves.
- 75. Timber for construction purposes, except pine.
- 78. Blankets, called "ponchos," used as a cape.
- 81. Polished marble.
- 82. Billiard tables.
- 84. Ammunition.
- 90. Dried fish.
- 91. Prepared skins for furs or overcoats.
- 92. Wood in pieces for parquet, wainscoting, and ornamental decorations.
- 93. Three-strand ropes [or rope], string, and thread.
- 94. Sheets of enameled iron.
- 95. Galvanized corrugated iron sheets.
- 97. Feather dusters.
- 98. Sporting powder.
- 99. Powder flasks and sporting ammunition.
- 104. Bed linen.
- 105. Sardines.
- 107. Hats.
- 110. Baths [generally applied to enameled iron baths].
- 114. Spermaceti, stearine, and composition candles, and tapers.
- 117. Manufactured zinc.

Specific duties are paid on 24 products mentioned in article 6 of Law No. 980. Among these the following may be considered as moderately protected:

- 2. Linseed oil.
- 3, 4, 5, and 6. Alcohols and liquors.
- 7. Refined sugar.
- 12. Common pasteboard.
- 13. Barley.
- 14 and 15. Beer.
- 16 and 17. Cigars and cigarettes.
- 18. Wheat flour.
- 19. Blotting paper, brown paper, and common wrapping paper.
- 20. Snuff.
- 21 and 22. Common and refined salt.
- 23 and 24. Tobacco.
- 26 and 27. Red and white wines.

Moderately protective specific duties also are levied on matches (₧0.40 per kilo) and on degreas (₧0.14 per kilo) by special laws of later date.

None of these duties can be considered as prohibitive.

In the projected tariff approved by the Chamber of Deputies, and awaiting debate in the Senate, the protective policy initiated by the law of December 23, 1897, is upheld, and even emphasized with regard to certain other goods which are produced in the country.¹

¹ This law became effective May 10, 1916. See sec. 1 of this chapter.

The memorandum of Señor Don Pedro Luis González is extensively quoted, even though the new tariff is now in effect, to illustrate the protective tendency in Chile, which is also strongly evident under its provisions.

This project also is inspired in a moderately protective tendency, and does not carry prohibitive duties.

The desideratum of the Association for Industrial Promotion is to protect, by means of the tariff, all the industries that at present are being developed, and those which easily can be established later.

Within the list of articles which this country does, or can not produce, foreign commerce has an extensive field for the exercise of its activity, with every assurance of success.

Section 18. Minerals and allied products.

One of the chief sources of wealth in Chile is its production of minerals. Table 9 gives the most recent statistics on this subject.

TABLE 9.—MINERAL AND METALLURGICAL PRODUCTION IN 1914.

Products.	Unit.	Quantity.
METALS.		
Gold.....	Grams.....	1, 076, 896
Silver.....	do.....	36, 581, 083
Copper.....	Kilograms.....	44, 665, 287
Iron (ores).....	do.....	63, 505, 600
Lead.....	do.....	68, 782
Zinc.....	do.....	1, 200
Molybdenum (ores).....	do.....	2, 704
FUELS (OR COMBUSTIBLES).		
Coal.....	Tons.....	1, 086, 946
NATURAL SALINE PRODUCTS.		
Nitrate of soda.....	Tons.....	2, 463, 356
Iodine.....	Kilograms.....	488, 952
Perchlorate of soda.....	do.....	55, 430
Borates.....	Tons.....	31, 907
Common salt.....	do.....	24, 805
Potassic salts.....	do.....	2, 000
Sulphate of soda.....	do.....	200
NONMETALLIC SUBSTANCES.		
Sulphur.....	Tons.....	10, 008
Clay.....	do.....	10, 947
Lime.....	do.....	54, 067
Marble.....	do.....	200
Gypsum.....	do.....	5, 000
Guano, or manure.....	do.....	20, 564

As is well known nitrate of soda is the most important export of Chile. In 1913 the production amounted to 2,772,254 metric tons and the exportation to 2,738,339 metric tons. In 1914, due to the effects of the European War on transportation, 1,846,783 metric tons were exported out of a production of 2,463,356 metric tons. Chile raises a large percentage of her national revenue from an export tax of 3.38 pesos (of 18d. or \$0.365 United States currency) per metric quintal of 100 kilos on nitrates.

At the present time no agreement exists between the producers of nitrates fixing the output and price. The producers, however, are organized for the purpose of stimulating the consumption of nitrates in the various countries of the world.¹ Through this association both private and public money is expended for advertising purposes.

¹ Asociación Salitrera de Propaganda.

Section 19. Chilean trade and its increase with the United States.

Imports.—Table 8 in Exhibit I¹ shows the imports into Chile for 1912 and 1913, by classes of merchandise and by countries of origin. The effect of the war is reflected in the figures for 1914, so that those of 1913 will be given as typical of the days before the war. In 1913 the total importation into Chile amounted to \$120,274,000. The importation from Great Britain was \$36,109,000; from Germany \$29,578,000; from the United States \$20,089,000; from France \$6,623,000; from Belgium \$5,671,000; and from Italy, \$3,176,000. The classes of merchandise imported are shown in the table.¹

Exports.—Tables 9 and 10 in Exhibit I² show the exports from Chile for 1912 and 1913, by commodities and countries of destination. Here, too, 1913, reflects a more normal condition. In that year Chile's exports were valued at \$142,802,000. The exports to Great Britain were \$55,548,000; to Germany, \$30,773,000; to the United States, \$30,413,000; to France, \$8,848,000; to Belgium, \$5,675,000, and to Italy, \$652,000. The exports for 1913 consisted of mineral products valued at \$126,366,000; animal products valued at \$9,207,000; vegetable products valued at \$7,081,000, and all other products valued at \$147,000.

Statistics for 1915.—The European war has seriously affected the trade of Chile. Comparing the first half of 1915 with the first half of 1914, it appears that the importations into Chile during the former period were 82,731,672 gold pesos of 18d. less than the latter period. The European war also affected seriously the exportation of minerals from Chile. The exportation of minerals for the first half of 1915 was 59,724,248 gold pesos of 18d. less than the exportation of minerals during the first half of 1914. When it is recalled that a large percentage of the revenue of the Chilean Government is received from the export taxes on nitrate of soda and iodine, the seriousness of this decline in exports will be realized.

Means of increasing trade with the United States.—Unquestionably opportunities for the growth of trade between Chile and the United States exist. The idea of the Panama Canal has done even more than the canal itself to unite the peoples. Hon. Pedro Luis González, a leading economist and publicist of Chile, and counsellor of the semiofficial organization, the Association for Industrial Promotion, prepared a memorandum for the Federal Trade Commission in which he said in part:

For this purpose there is no necessity for new tariff measures. Within the limits of the tariff now in force, as well as of the proposed law,³ the commercial relations

¹ See p. 237.

² See pp. 238-239.

³ The reference is to the Chilean tariff law that became effective May 10, 1916.

between Chile and the United States of America could be developed by the following means:

- (a) By cheapening freight rates between Valparaiso and New York.
- (b) By establishing banks of deposit and discount in Chile, with American capital.
- (c) By stimulating the consumption of Chilean products in the United States, such as nitrates, fruits, wool, wines, tanned hides, etc., but some of these products would stumble against the American tariff.

The United States of America can fill the gap left by European countries respecting many classes of merchandise that Chile always must import.

To ship merchandise to Chile with profit it is necessary for the United States to purchase Chilean products as return cargoes.¹

¹ However, men prominently identified with the nitrate interests take the view that an increase in imports from the United States necessarily would provide more bottoms for the nitrate-carrying trade, and one offered the statement that his concern alone could load 50 steamers of 6,000 tons, against a little over half of that tonnage now representing its annual shipments.

CHAPTER VI.

REPUBLIC OF BOLIVIA.

Section 1. Some characteristics of the Bolivian tariff.

The laws of December 31, 1905, amended by the law of February 16, 1911, constitute the tariff act and official valuation tariff of Bolivia. Export duties are levied upon a number of products, notably minerals and rubber under the laws of November 18, 1912, November 18, 1913, January 17, 1914, and December 17, 1914; resolution of May 2, 1913; and decisions of minister of finance dated November 22, 1913, January 10, 1914, and April 30, 1914. The import or official valuation tariff comprises 3,587 paragraphs and is arranged alphabetically by designation of individual commodities, without reference to schedule or grouping according to component materials or generic classes, except as to beverages and to drugs and chemical products to which, respectively, 15 and 783 paragraphs are devoted at the end of the tariff. Originally and by amendment a number of additional paragraphs have been incorporated in the law through sublettering numbered paragraphs, thus increasing the numerical total to a slight extent. A few specific rates are provided, some true ad valorem provisions are found, and article 16 of the Customs Import Tariff prescribes the classification ad valorem of articles not specified in the tariff. Its basic principle was the collection of duties at percentages of 3, 10, 15, 25, 35, 40, 45, or 50, as specified, on the official valuation of articles liable to duty, which valuations, as in other countries working under this system, were believed or meant to approximate market values of the goods in customs warehouses.

Under the law of December 1, 1911, effective January 1, 1912, a surtax of 15 per cent based on the duties (not on the official valuation) is established for all but a limited number of dutiable articles, and a surtax of 2 per cent on the official valuation of a number of articles free of duty under determinate provisions of the tariff. If no official valuation is provided in the tariff for goods exempt from duties, the surtax of 2 per cent is levied on the yield of 30 per cent of the invoiced or appraised value. Certain importations free of import duties, among them mining and agricultural machinery and accessories therefor, coal, crude petroleum, etc., and articles excepted under concessions, international treaties, or declared free of duty for determined purposes or uses, likewise are liberated from the 2 per cent surtax.

No similitude rule exists, but classification by analogy sometimes is resorted to, subject to approval of superior customs officers.

A tariff revision law for Bolivia has been framed by a commission, created under the law of December 2, 1912, and its draft is now before the finance committee of the lower house. It is expected that the new law will be voted on in August, 1916, and if passed, that it will become effective in October, 1916. The instrument comprises 2,894 paragraphs included under 30 chapters or schedules with a number of subgroups. Its divisions are conceived on the lines of component materials and generic groups, a vast improvement on the present alphabetical system. It is specific in form, and the official valuation system is discontinued. The project is minutely detailed, carries copious rules for guidance in classification, and is supplemented by a collection of explanatory notes which, together with the very exact rules and definitions incorporated in the tariff itself, should reduce to a minimum disputes or questions as to classification under its terms. It is suggested, however, in the light of experience had by the customs officers of other countries, that difficulty will be found in the uniform application of surtaxes established for the mercerization of cotton textiles. The proposed law, like that now operative, is a revenue measure purely. The nature and products of the country do not yet permit of development in the industrial field.

Section 2. Requirements for ship's manifest and amendment thereof.

The Bolivian customs authority at entry ports in Chile and Peru used for the transit of goods to Bolivia is vested in a customs agency of Bolivia (*Agencia Aduanera de Bolivia*) at such points, and a copy of the general ship's manifest relating to Bolivian cargo is furnished these agencies by the corresponding foreign customs authorities at the port of entry for their guidance.

Bolivia having no seacoast, importations entering from the Pacific are introduced in transit through Chilean and Peruvian ports, and general ship's manifest requirements are subject to the laws of those countries as to cargo in transit through their territory. The convention approved March 9, 1908, regulating commercial traffic to Bolivia through the Peruvian port of Mollendo, and the protocol approved October 14, 1911, with especial reference to movement of cargo between Mollendo and Pelechuco, govern as to entry through the Peruvian seaport. The commercial traffic convention between Bolivia and Chile, ratified by Chile April 14, 1914,¹ regulated by the Chilean supreme decree No. 2554 of December 22, 1915, governs the movement of ocean freight consigned to Bolivia through the Chilean ports of Antofagasta and Arica. Bolivia, of course, has separate

¹ Chilean Law No. 2980, Apr. 15, 1914.

legislation covering river and land entries, but these are not pertinent to this report.¹

A treaty of commerce and river navigation with Brazil, approved November 30, 1911, also is in force, and shipments in transit to Bolivia may be made through Argentina.

Section 3. Manifiesto por menor (minor or partial consignee's manifest).

The General Customs Regulations of May 15, 1906, provide:

ART. 151. Consignees of merchandise appearing as such in the general manifest, or persons accredited as owners with the indorsement in their favor on the minor or partial manifests [manifiesto por menor] or on the entries [pólizas] filed, shall be considered as owners thereof.

ART. 149. The minor or partial manifest is a document that must be filed with the customhouse * * * and in which the marks, numbers, quantity, and denominations of packages, class of merchandise contained in them, and quality according to classifications of the customs tariff must be clearly expressed. The steamer by which said merchandise was carried and the port whence shipped also must be shown.

In these documents, which shall consist of two copies, every quantity must be written in letters and numbers, without abbreviating, erasing, or amending any word or figure.

ART. 150. The obligation to present minor or partial manifests rests on the owners or partial consignees of cargo carried by ships, by whom or their agents they shall be filed in duplicate at the customhouse within the period of six days after filing of the general ship's manifest. * * *

ART. 152. Packages consigned "to order" in the general manifest, the true names whereof are not known, shall be generally manifested² by the ship's consignees within the prescribed period.

These manifests may be received by the customhouse without requiring specification of the contents of packages; the true owner of the goods, in order to effect clearance, shall file new [minor or partial] manifests, which shall have the effect of canceling those filed by ship's consignees.

ART. 153. Every minor or partial manifest shall bear the approval or indorsement of the consignee of the ship, without which requisite it shall not be accepted at the customhouse.

ART. 163. In case any error has been committed in the minor or partial manifest, the interested party shall notify the administrador, [collector of customs] in writing, who shall order the necessary addition thereto, in order that the comparing division may consider the amendments at the time of checking the entries [pólizas].

In no case shall the amendment of a minor or partial manifest be permitted after the entries [pólizas] have been filed.

Section 4. Bills of lading.

Respecting requirements of the Bolivian customs, ocean bills of lading are not a factor in the clearance of goods. As stated, Bolivia, having no seaports of entry, is dependent in this connection on the regulations of maritime nations through whose ports her goods are shipped.

¹ Extracts from Chilean supreme decree No. 2554 of Dec. 22, 1915, illustrating the procedure when entry through Chilean ports is involved, are quoted in sec. 6, p. 192.

² The law states "generally manifested," but the reference no doubt is to the partial or minor manifest [manifiesto por menor], as the following language of art. 152 indicates.

Federal Trade Commission.

PLATE XII.



Ejemplar 1-6.

Número de Orden 1465.

Factura Consular para Bolivia

Número de Orden 1465.

Destinada a la Aduana de NY N.Y.

por las mercancías que se expresa, embarcadas por NEW YORK & CO.

del punto de NEW YORK al 10 de DICIEMBRE de 1915 en el vapor GORDON.

Capitán NEWAN a la consignación de NEW DE LA GUAY de AMERICA.

de orden, por cuenta y riesgo de de NY N.Y.

N.º	N.º	C.º		Clasificación de la mercancía	C.º en \$		Valor por el de la mercancía y total de la factura	Derechos por el Consulado sobre la factura
		Cantidad	Clase		Libras	Dols.		
1.	1.	1.	cajon	Una gruesa relojes de nikel ordinarios de bolsillo	40	18	70	
2.	2.	1.	"	12 sacos				
				12 pantalones de lana con meseta de algodón.	60	98	90	
				12 chaquetas				
		10	cajones	duraznos en su jugo natural con armaz de suficiente para conservarlos en latas	800	218	80	80
		10	"	Salmon conservado en latas	800	218	80	80
		10	"	Tejidos de algodón 11 mas, estampados... 22.040. metros, 0.65.5 centímetros de ancho, 38 kilos en [] de 6 mm. peso por metro cuadrado 85 gramos.	1000	1000	1.107	50
		32	BULLOS.		200	1751	1.411	10
Son un mil cuatrocientos once pesos 10/100 oro americano.								
Declaro que el valor expresado en la presente factura es el valor legítimo de la mercancía.								
New-York 10 de diciembre de 1915.								
P-P. JOHN W. & CO.								
JAMES SMITH								
CERTIFICO: que la presente Factura es conforme con las Facturas de origen que han sido presentadas ante mi. ascendiendo el importe a \$ 1.411.10/100 y cuyos derechos de \$ 20.00/100 han sido abonados.								
New York, Dicho 10/15.								
Cónsul General.								
ADOLFO BALLIVIAN.								

Se le hace presente a la Aduana de Nueva York que esta factura debe ser presentada en el momento de la embarcación, y que si no se presenta en ese momento, se le hará efectiva, pagando inmediatamente en efectivo, el valor de la mercancía, y el Consulado no se responsabiliza por el valor de la mercancía, por lo que se recomienda al importador que presente esta factura en el momento de la embarcación.

(Reg. de 1915, 10 de diciembre de 1915, Circular 10, 1915, 10)

BOLIVIAN CONSULAR INVOICE AS FILLED OUT IN PRACTICE.

It is reported that certain steamship companies approve or indorse the minor or partial consignee's manifest (*manifesto por menor*),¹ which is evidence of title in Bolivian customhouses, upon presentation of a letter of guaranty, in the absence of an ocean bill of lading. Others—the Pacific Steam Navigation Co. and the *Compañía Súd Americana de Vapores*—are reported to require production of the ocean bill of lading before extending indorsement or approval on the minor or partial consignee's manifest.

Section 5. Consular invoice.

Articles 132 and 134 of the General Customs Regulations of May 15, 1906, provide that—

For all merchandise imported into the Republic an invoice in quadruplicate shall be formulated, which must be certified by the Bolivian consul resident at the port of shipment.² * * *

Said consular invoice³ must express name of the shipper, the port of shipment, the vessel carrying the merchandise, the Bolivian customhouse of destination, the name of the consignee at the transit port, the name of the consignee in Bolivia, the marks, numbers, quantity, and class of packages, quantity and classification of the merchandise contained in the packages, gross and net weight, value of the merchandise by items, total value of the invoice, fees collected by the consulate, date of its presentation, and signature of the shipper interested.

According to article 138 of the General Customs Regulations, and the decree of June 24, 1907, the invoice, when presented at the Bolivian consulate, must be accompanied by the bill of lading and the commercial invoices to substantiate declared values, quantities, etc. Consular invoice forms are on sale at the consulates.

Under the provisions of article 142 of the General Customs Regulations, and the decree of April 4, 1913, consulates are required to transmit immediately to the customhouse of destination the original of the consular invoice set, the duplicate must be sent to the Bolivian central customs administration, the triplicate is returned to the interested party, and the fourth copy is filed in the consulate.

Article 144 of the General Customs Regulations, provides a fine equal to double the unpaid consular fee for legalization, based on official valuation of the goods fixed under the tariff, if the consular invoice is not filed when clearance of merchandise is sought and the shipment is from a port where a Bolivian consul is located.

Packages containing goods shipped in transit through foreign (Chilean, Peruvian, Brazilian, Argentine, etc.) ports for Bolivia should be marked with gross and net weights, and in large letters with the words "*En Tránsito para Bolivia*" (in transit for Bolivia). Packages shipped through Chilean ports, like those destined for Chile,

¹ See sec. 3, p. 190.

² For shipments via Mollendo, Peru, an extra copy of the invoice is required.

³ See facsimile opposite p. 191.

must be marked with a stencil, while those shipped through other countries may be marked with a stencil or brush.

It is not necessary to extend a set of consular invoices to cover each bill of lading. For example, one consular invoice may be formulated embracing a number of shipments on the same steamer to the same consignee.

Section 6. Customhouse procedure.

Extracts from decree No. 2554 of December 22, 1915, promulgated by the minister of finance of Chile, covering the movement of Bolivian goods through Chilean ports, are cited below:

The following regulations governing the transit of merchandise between Chile and Bolivia are approved for purposes of execution of the traffic convention, promulgated by Law No. 2980 of April 15, 1914:

ARTICLE 1. Imported merchandise in transit for Bolivia shall be covered in the Chilean customhouse by a general manifest and the minor [or partial] manifest separately from merchandise destined for consumption [in Chile], for purposes of its discharge and dispatch. Packages containing such merchandise must show visible exterior marks, besides their marks, numbers, gross and net weight, with the notation "in transit for Bolivia," in accordance with article 8 of the convention.

ART. 2. Discharge shall be effected directly to the railway freight cars or to warehouses provided for this purpose.

ART. 3. For the dispatch of merchandise stored in warehouses the dispatching agent shall extend a set of three pólizas [entries] on unstamped paper, which shall be numbered, and further shall be marked with the letters "A," "B," and "C." In this shall be specified the quantity of packages, with their marks, numbers, weight, and class of merchandise contained therein, and the paragraph or number of the tariff applicable in calculating the amount of duties [under the Chilean tariff].

Each quantity shall be expressed in writing and numbers, without amendment or abbreviation of any word or numeral, in accordance with article 4 of the convention.

ART. 4. Copy "A" of said entries shall be filed, with duties and other charges, that would accrue if importation to Bolivia were not consummated, guaranteed thereon to the satisfaction of the [Chilean] collector of customs.

ART. 5. After these documents have been numbered and marked in the form stipulated under article 3 of these regulations, the comparing division of the Chilean customhouse shall transmit copies "B" and "C" to the warehouse division for dispatch and copy "A" to the classifying commission [consisting of the Chilean customs examiner, an apprentice examiner, and a weigher], in order that declaration appearing in the entry may be compared with the weights, etc., and the data necessary for purposes of levying duty, to which paragraph 1 of article 3 of these regulations refers, be established. After this, the classifying commission shall stamp its approval on copy "A" and return it to the accounting division for liquidation.

The warehouse division shall send copies "B" and "C" to the section of Bolivian shipments, with the corresponding dispatch, for the purpose of fulfilling the requirements of the following article.

ART. 6. After the dispatch has been effected by the warehouse division the respective packages shall be loaded on the railway freight cars, under the supervision of an employee of the section of shipments and another from the Bolivian customs agency designated in accordance with article 2 of the convention, who shall note in the book provided for this purpose the quantity and class of packages, their marks, numbers, weight, and the number of the freight car in which they are shipped. The chief of

the section of shipments shall enter the corresponding notation on copies "B" and "C" of the entry.

After this operation has been effected the railway company shall remit to the chief of the section of shipments a waybill of the cargo received, in triplicate and properly signed.

The shipping section shall transmit one copy of the waybill to the Bolivian customs agency, together with copy "B" of the respective entry, another copy of the waybill to the Chilean customhouse, and another to the train conductor.

The waybill shall express the quantity and class of the packages, their numbers, marks, and weight, the number of the freight car in which they are shipped, and the name of the shipping house.

Copy "C" of the entry shall be returned to the warehouse division for its files.

ART. 7. Importation into Bolivia shall be proven by means of a return certificate which must be issued by the Bolivian customhouse of destination in the form prescribed by article 6 of the convention. Upon presentation of this certificate, the guaranty or bond extended on copy "A" of the entry, referred to in article 4 of these regulations, shall be canceled. The certificate shall be presented within the period of 40 days counted from the date of shipment, and in order to be valid must certify that the number of packages shipped, as shown by the Chilean customs entry [póliza de despacho], have been received in the warehouses or stores at the Bolivian customhouse of destination.

If upon expiration of the period indicated the certificate has not been presented, the Chilean customhouse shall effect administrative collection of the bond or guaranty and no appeal shall lie from this procedure.

ART. 8. For the dispatch of merchandise from the wharves, according to articles 2 and 4 of the convention, the entries referred to in article 3 of these regulations shall be prepared and presented and shall be coursed in the manner previously herein established.

ART. 9. Packages delivered to the railway shall be loaded on the cars selected for this purpose, which shall be locked and sealed by the authorized officers mentioned in the first paragraph of article 6 of these regulations.

ART. 10. Baggage for Bolivia shall be delivered by the resguardo, without previous examination, to the shipping section, which shall limit itself to delivering the same in turn to the railway company and supervising its loading into cars that are to be locked and sealed.

Baggage coming from Bolivia shall be delivered by the shipping section to the resguardo, which shall limit itself to supervising the loading thereof [aboard ship] without previous examination. * * *

ART. 15. Merchandise manifested "in transit for Bolivia" may not be stored in Chilean customhouses longer than one year counted from the time of filing of the general manifest.

ART. 16. If upon the expiration of that period its reexportation or its dispatch in transit, or its clearance for consumption, shall not have been requested the same shall be sold at public auction by the Chilean customhouse, after notice to the Bolivian customs agency and advertisement during 30 days through posters in which the goods shall be described together with their marks, numbers, the name of the consignee at the Chilean port, of the owner of the merchandise in Bolivia, should he be known, and of the carrying ship.

ART. 17. Merchandise shall be knocked down to the highest bidder unless the price bid should be less than the amount of charges and duties accruing, in which case a new auction sale shall be held after discretionary reduction of the minimum represented by said charges and duties.

ART. 18. The net proceeds of the auction sale, after deduction of the auction expenses, the import duties and other charges, shall be deposited in the fiscal treasury subject to the order of the owner of the goods sold, as provided under the Chilean Customs Ordinances. * * *

The procedure followed in the clearance of importations to Bolivia through Antofagasta is as follows:

The comparing or verification division of the Chilean customs sends a copy of the general manifest of the ship carrying the merchandise to the customs agency of Bolivia at Antofagasta. The customhouse agents or brokers, representing importers, in order to clear their goods, file a minor manifest (*manifiesto por menor*) in duplicate, on stamped paper of B.0.60¹ and with the stamp of B.0.50 affixed to each copy. This minor or partial manifest is checked with the consular invoice relating to the merchandise, issued in the port of shipment or origin, which must be annexed, and with the copy of ship's general manifest. If found in conformity with these documents it is given its corresponding number. With this the parties interested must file the *póliza*² (entry) in sextuplicate, four copies of which are executed on stamped paper of B.0.60, and B.0.50 revenue stamp must be affixed to each copy; one is extended on stamped paper of B.0.30, which is transmitted by the customhouse to the owners or importers, as distinguished from the agent, after liquidation, and another on unstamped paper for statistical purposes. If the entry set is found to agree with the aforementioned documents, it is given a progressive number.

Entries of all goods for consumption, reexportation or warehousing, except those for immediately obligatory clearance (explosives, and inflammable or corrosive goods, entries for which must be presented within 24 hours), must be filed within 8 days of the time of the discharge of the goods into the customs warehouse. If entries are not filed within that period, the merchandise is subject to storage charges of B.0.30 monthly per 100 kilos, or fraction thereof, gross weight. Inventory charges at a fixed scale are also levied if the interested party requests classification through ignorance as to description or quantity of goods. If the inventory is effected by the customhouse because entry is not filed within the prescribed time limit, the goods are considered constructively entered for warehousing in bond.³

Article 221 of the General Customs Regulations provides that each copy of the entry (*póliza*) must show:

* * * the marks and numbers of the packages and their special denomination; the denomination of the merchandise, its class according to classification under the official valuation tariff, its exact quantity or its weight, whether net, or net including

¹ One boliviano equals \$0.389 United States currency. For general table of equivalents of measures, weights, and monetary values see Exhibit III, p. 246.

² See facsimile of "*póliza*" or entry, opposite p. 198.

³ Decree of Apr. 3, 1912, and art. 15 of the law of Dec. 31, 1905.

interior packing, or gross, if merchandise dutiable on these bases is in question. The number of the minor or partial manifest corresponding, that of the general manifest and that of the consular invoice also must be indicated in the entry, and for statistical purposes, the country of origin or of manufacture of the goods to be cleared. Every quantity expressed shall be written in letters and in numbers, and it shall not be permissible to abbreviate, erase or amend any word or number. * * *

The copies of the entry are then distributed among the different divisions and offices charged with coursing them, the original being transmitted to the examiner designated by the chief of customs for making the examination. Examination of goods is then effected, and examiners are at liberty to open as many packages as they may elect; this operation always must be conducted with the entry before them, and is witnessed by an apprentice examiner. After examination has been completed, provided that goods are found to agree with declarations in the entry, the original is transmitted to the liquidation division, which extends duties, surtaxes, etc., in the spaces provided for this purpose on reverse of the entry. The third copy of the entry is used for removing the goods from warehouse at Antofagasta, and later by the customhouse in Bolivia in verifying identity of the shipment. This copy also serves as proof of entry of the goods at Antofagasta. When goods are withdrawn from customs custody in Bolivia by the owner or interested party another check of the cargo covered by the entry is effected and the customhouse there may even open packages if this course is considered necessary.

Articles 428 and 429 of the General Customs Regulations read:

The customs agent of Bolivia in Antofagasta shall issue to the interested party a certified receipt for the payment of duties due on each entry canceled, and require the countersignature of the shipper to Bolivian points thereon.

The first Bolivian customhouse shall not clear any transit merchandise until the entry [third copy previously referred to] is presented, duly canceled by the customs agency in Antofagasta. Only with this document before it for reference shall verification of the cargo therein described be effected, and the opening of such packages of which it is deemed necessary to examine the contents, shall be permissible.

Method of payment at Antofagasta.—Articles 2 and 3 of the decree of January 4, 1912, provide:

(2) Customs agents effecting clearances shall satisfy the liquidated amount of duties caused by their entries within the fixed period of six days after the date of liquidation, and are not permitted to withdraw goods from warehouses until said amount has been paid.

(3) For purposes of permitting withdrawal of merchandise from warehouses and transmission of the entries [third copy] to the customhouses of destination, the customs agent of Bolivia at Antofagasta is authorized to receive from the customs agent clearing goods provisional due bills for the amounts liquidated on entries, which shall invariably be exchanged on Mondays of each week for bills of exchange or drafts on Bolivia. * * *

If upon expiration of the six days previously mentioned payment of duties has not been effected, interest at the rate of 1 per cent monthly is charged on the amount due and further clearance of goods of the delinquent may be suspended pending settlement.

Articles 210 and 211 of the General Customs Regulations provide:

Should any error have been committed in the entry through which additional duty is collectible, this shall be satisfied by the interested party within the period of six days from the date on which he is notified of the corrected liquidation, whatever the amount of difference may be.

If the error has been committed to the prejudice of the importer, the customhouse is required to refund the excess collection upon mere verbal or written claim of the interested party. * * *

Audit.—Under paragraph 4, article 76, of the General Customs Regulations, the liquidating sections or divisions of customhouses are charged with a preliminary check of examiners' returns, with the entries (pólizas) as a basis.

The supervision and superior authority of the Bolivian customs is vested in a director general of customs, and the customs agents and collectors of Bolivia in foreign territory and collectors in Bolivia, as well as the entire customs personnel, are subordinate to this officer. Commercial statistics of Bolivia also are formulated by the director general's office. Under article 52, paragraph 8, General Customs Regulations, one of the duties of this central administration is to "scrutinize with especial attention the monthly result of customs collection, observing if this has been effected in accordance with the tariff, regulations, and dispositions governing." Customs accounts are audited finally by the superior tribunal of accounts. All customs accounts and pertinent books and documents are submitted to this tribunal within 60 days after the end of the calendar year. If errors in liquidation or short collections in duties are discovered, the interested party is notified of reliquidation and required to pay the amount of differences discovered without delay.

Section 7. Method of calculating duties in Bolivia and typical clearances through the customs agency of Bolivia at Antofagasta, Chile, of goods destined to the customhouse of Uyuni in Bolivia.

American cotton prints.—The following (A) illustrates an importation of 25,000 yards (22,860 meters) plain-woven American cotton prints, 25 inches (63.5 centimeters) wide, 64 by 64 ends per square inch, weight per 100 square yards 15 pounds 10 $\frac{1}{4}$ ounces; assumed c. i. f. value Antofagasta \$1,329.50 United States currency; gross weight 1,592 kilos (3,510 pounds). This textile is considered as plain woven goods for women's dresses by the Bolivian customs service and is dutiable under paragraph 1473 of the tariff at 30 per cent of an official valuation of bolivianos¹ 2.20 per kilo on the gross

¹ The boliviano—\$0.389 United States currency.

weight. Having in view the dutiable basis, the advantage of packing in watertight bales instead of cases is obvious.

1,592 kilos at Bs.2.20=Bs.3,502.40, official valuation.	
30 per cent of Bs.3,502.40.....	Bs.1,050.72
Surtax of 15 per cent on duties (Bs.1,050.72), not on official valuation, law of Dec. 1, 1911.....	157.61
Statistical tax B.1 per mille of official or other valuation applicable, law of Jan. 22, 1910, Bs.3,502.40.....	3.50
Impost of B.1 per metric quintal (100 kilos) for the Sucre-Potosi Railway, law of Dec. 23, 1915, 1,592 kilos, on all merchandise imported for the Departments of Sucre and Potosi	15.92
Stamped paper and stamp charges.....	6.90
Total bolivianos.....	1,234.65

At \$0.389 United States currency to the boliviano this amounts to \$480.28 United States currency, which is 36.1 per cent of assumed c. i. f. value. It is observed that the textiles in question are classified as "zarazas"—(chintz or prints) in Uruguay, but evidently do not follow that classification under the Bolivian tariff, which also provides for "zarazas" under paragraph 1472 at 30 per cent of an official valuation at Bs.1.25 per kilo on the gross weight.

Nickel watches.—The following (B) illustrates an importation of 1 gross nickel watches, assumed c. i. f. value Antofagasta \$75 United States currency; gross weight, 40 kilos (88 pounds); dutiable under paragraph 2516 of the tariff at 15 per cent straight ad valorem. The American dollar is converted to bolivianos at the ratio of 1 to 3 for customs purposes; hence \$75 United States currency equals Bs.225:

15 per cent of Bs.225.....	Bs.33.75
Surtax of 15 per cent on duties, Bs.33.75.....	5.06
Statistical tax, B.1 per mille of valuation, Bs.225.....	.23
Impost of B.1 per metric quintal (100 kilos) for the Sucre-Potosi Railway, 40 kilos.....	.40
Stamped paper and stamp charges.....	6.90
Total bolivianos.....	46.34

46.34 bolivianos at \$0.389 United States currency equal \$18.03 United States currency, which is 24 per cent of assumed c. i. f. value.

Canned peaches.—The following (C)¹ illustrates an importation of 10 cases canned peaches, assumed c. i. f. value Antofagasta \$36.30 United States currency, 24 2-pound cans to the case; gross weight, 260 kilos (573 pounds); dutiable under paragraph 939 of the tariff, as amended by the law of February 16, 1911, at 25 per cent of an official valuation of Bs.1.80 per kilo on the gross weight:

260 kilos, at Bs.1.80=Bs.468, official valuation.	
25 per cent of Bs.468.....	Bs.117.00
Surtax of 15 per cent on duties, Bs.117.....	17.55
Statistical tax, B.1 per mille of official valuation, Bs.468.....	.47

¹ See facsimile opposite p. 198.

Impost of B.1 per metric quintal (100 kilos) for the Sucre-Potosi Railway, 260 kilos.....	Bs.2. 60
Stamped paper and stamp charges.....	6. 90
Total bolivianos.....	144. 52

144.52 bolivianos at \$0.389 United States currency equal \$56.22 United States currency, which is 154.9 per cent of assumed c. i. f. value. Unless this abnormal percentage is based on a misconception as to the approximate value of canned peaches and fruit generally it is difficult to explain why it should prevail. The percentage sought as yield, according to the official valuation tariff, is 25 per cent, and even after addition of the 15 per cent surtax a conventional percentage of 28.75 per cent only is obtained, whereas an effective percentage five times as great results even if statistical, stamped paper, stamp, and other charges are excluded. The highest percentage stipulated under the Bolivian tariff is 50 per cent; which, with the surtax of 15 per cent added, would call for 57.5 per cent of official valuation. The proposed new tariff fixes a specific duty of B.0.50 per kilo, gross weight, on the same commodity under paragraph 53—and at that rate the equivalent in United States currency would be \$0.1945 per kilo—and net duties on the same shipment without other charges \$50.57 United States currency, or 139 per cent. Bolivia has no canning or packing industries to protect.

Canned salmon.—The following (D) illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Antofagasta \$37.30 United States currency, 48 1-pound cans to the case; gross weight 311 kilos (686 pounds); dutiable under paragraph 937 of the tariff at 25 per cent of an official valuation of B.0.80 per kilo on the gross weight:

311 kilos at B.0.80=Bs.248.80, official valuation.	
25 per cent of Bs.248.80.....	Bs.62. 20
Refined sugar, flours, rice, condensed milk, sardines, salmon, wheat, maize, tea, and jerked beef are exempt from the surtax of 15 per cent established on the duties of other articles by the law of Dec. 1, 1911.	
Statistical tax, B. 1 per mille of official valuation, Bs.248.80 .....	. 25
Impost of B. 1 per metric quintal (100 kilos) for the Sucre-Potosi Railway, 311 kilos.....	3. 11
Stamped paper and stamp charges.....	6. 90
Total bolivianos.....	72. 46

72.46 bolivianos at \$0.389 United States currency equal \$28.19 United States currency, which is 75.6 per cent of assumed c. i. f. value.

Canned sardines in oil are dutiable under paragraph 2582 of the tariff at 25 per cent of an official valuation of B.0.20 per kilo, gross weight, one-fourth of the valuation applicable to salmon. Under paragraph 24 of the proposed new tariff a rate of B.0.05 per kilo,



TIMBER

POLIZA DE IMPORTACION

Sesenta Centavos

Exemplar No. 4.

Póliza No.

Señor Administrador de Aduana

Sinase Ud. ordenar el despacho, para **CONSUMO INMEDIATO**, de las mercaderías expresadas a continuación, que, según
 Manifiesto por Mayor No. 1312 del Vapor Orizaba No. 674, procedentes de N. Y. G. N. A. y conforme a Factura
 Consular No. 547 de San Yago han venido a mi consignación el día de Febrero de 1914.

[illegible]

BOLIVIAN CUSTOMS IMPORT ENTRY (POLIZA). (FRONT.)

gross weight, is fixed for both salmon, and sardines in oil, which, if the law becomes effective on the basis indicated, would provide a very reasonable duty indeed. Under the existing law anchovies are dutiable at the same rate and valuation as canned salmon.

Men's woolen or worsted suits with admixture of cotton.—The following (E) illustrates an importation of one dozen men's woolen or worsted suits other than alpaca (which are dutiable on an appreciably lower valuation), coats, vests, and trousers, summer weight, with admixture of cotton; assumed c. i. f. value Antofagasta \$116 United States currency; estimated gross weight 60 kilos (132 pounds). Coats are dutiable under paragraph 2554 of the tariff on an official valuation of Bs. 18 each; vests (whether of pure wool or mixed with cotton or other vegetable fibers) under paragraph 1118 on an official valuation of Bs. 60 per dozen; trousers under paragraph 2142 on an official valuation of Bs. 72 per dozen, and all (coats, vests, and trousers) pay duty at 40 per cent on these valuations:

12 coats, at Bs. 18	Bs.216. 00
1 doz. vests, at Bs. 60	60. 00
1 doz. trousers, at Bs. 72	72. 00
Total official valuation	348. 00
40 per cent of Bs. 348	139. 20
Surtax of 15 per cent on duties (Bs. 139.20)	20. 88
Statistical tax, B. 1 per mille of official valuation, Bs. 348 .....	.35
Impost of B. 1 per metric quintal (100 kilos) for the Sucre-Potosi Railway, 60 kilos .....	.60
Stamped paper and stamp charges	6. 90
Total bolivianos	167. 93

167.93 bolivianos at \$0.389 United States currency equal \$65.32
United States currency, which is 56.3 per cent of assumed c. i. f. value.

Section 8. Fines and seizures.

Paragraph 3 of article 372, General Customs Regulations, provides:

For differences in the classification of merchandise described in minor or partial manifests, or in entries [pólizas] for reexportation, consumption, etc., a fine of 2 per cent, based on valuation of the goods declared under a denomination or class not applicable, shall be imposed.

The following is a digest of articles 267, 268, 269, and 270 of the General Customs Regulations:

If upon examination of goods excess quantities in the same class of goods greater than that declared in entries and partial or minor manifests, or merchandise of greater value in quality, according to classification under the valuation tariff, are found, double duties shall be collected for such excesses or differences. For instance, the entry has been filed describing cotton dress goods, and examination has revealed woolen fabric; the liability for double duties thus has been

incurred because an article of superior quality has been entered as of inferior quality, but falls within the same tariff class, i. e., "fabrics."

If as to one article cleared in a single entry differences that do not amount to Bs. 10 are found, duties shall be levied on the difference, without collection of double duties. If the difference exceeds this amount the respective penalty shall be applied.

If excesses and differences are found due to classes of merchandise distinct from those declared in the entries and minor or partial manifests, they shall be subject to seizure, unless the articles as entered cause greater duties than the merchandise found upon examination, in which case dutiable return shall be based on entered description.

Merchandise the description whereof deviates, when the amount in duties sought to be evaded by fraud exceeds Bs. 25, shall be subject to seizure. If not exceeding this amount only double duties shall be collected. "Deviation" exists when the merchandise is different from that entered, as to nature and class, and of greater value than that designated in the entry, and through such "deviation" the defraudation of all or part of the fiscal duties caused on such merchandise would result. Deviation is held to exist further, if merchandise is entered which, according to specification of the interested party, would pay less duty than that legally accruing (whether the value or valuation by class be greater or less), and this change is due to a purpose of prejudicing the revenue; and when merchandise subject to import duty is described as free of duty. For instance, entry has been filed with the description "cotton fabrics" and upon clearance women's trimmed bonnets have been found; this falls under the seizure condition, because the merchandise is of a different nature and class, and is subject to a higher duty.¹

Under paragraph 7 of article 369, failure to declare in customs documents all of the merchandise sought to be imported or exported, with the purpose of evading payment of the corresponding duties, is penalized by seizure of the goods omitted from declaration.

Section 9. Protests and appeals.

Articles 241 and 246 of the General Customs Regulations provide that—

If at the time of clearance the interested party should disagree with the classification returned by the examiner, he must note his protest in writing on the entry within 24 hours. After the expiration of this period, or if agreement to the dutiable return has been noted by the interested party or his agent, no claim of any nature will be entertained.

Protests entered by interested parties concerning errors committed upon liquidation of entries or respecting other errors at the time of clearance not precisely related to the dutiable classification or valuation [official or other] of merchandise may be entered within the period of 10 working days.

¹ Fines for lack of consular invoices have been discussed under sec. 5 of this chapter, and other penalties are mentioned in this chapter under sec. 10 on valuation.

The decree of December 15, 1912, provides that—

Claims for refund of customs duties not referring to classification or liquidation, the period for protest or claim against which is limited by articles 241 and 246 of the General Customs Regulations, may be preferred only during the respective fiscal year, and must be rejected if entered without this limitation.

The administrador (collector) decides protests after the opinions of two experts—one selected by the customhouse and another by interested party—have been given. These opinions are advisory only, and may be accepted or rejected by the collector in rendering his decision. Appeal may be taken from the decisions of collectors to the central customs administration or to the minister of finance, and even to the supreme court in certain cases.

Section 10. Valuation.

Article 16 of the General Customs Regulations, as amended by article 2 of the law of February 16, 1911, provides:

Articles subject to real ad valorem duties or not specified in the tariff shall be appraised at the wholesale price prevailing in the market. The respective consular invoice shall serve as a basis of the computation, and the value expressed therein be increased by 20 per cent to cover freight and other charges incurred from the market of origin, provided that these charges should not be included in said invoices.

The manufacturer's or original invoice, which each merchant must possess, and the corresponding consular invoice shall be used in making the before-mentioned calculation. In case of discrepancy between the values expressed by the two invoices, that showing the higher value shall be taken as a basis. Nonpresentation of the original invoice shall be penalized by a fine of 4 per cent levied on the value of the merchandise officially declared in the consular invoice. * * *

Article 16 of the General Customs Regulations further covers such cases if consular invoices are not presented, or if there should be indications that values expressed therein are understated, by authorizing appraisal on the basis of wholesale (local) market value with a deduction of 30 per cent. If the prices expressed in consular invoice are manifestly inferior to the true value of imported merchandise, the treasury may purchase the same for its account by immediate payment therefor at the declared value, after which the goods must be sold at public auction.

It will be observed that, as in other South American countries, ocean freight charges form an element of dutiable value in levying duties on goods subject to real ad valorem rates.

Section 11. Abandonment and sale of abandoned or unclaimed goods.

Bolivian practice in this respect differs but slightly from Chilean procedure for bonded and other merchandise, discussed in section 13, Chapter V, of this report, and, therefore, need not be considered here.

Section 12. Samples of commercial travelers.

The customs practice, as well as the regulations issued in this respect, grant commercial travelers the privilege of effecting the entry of their samples for conditional sale—either to reexport the same within a reasonable period, which usually is fixed at 90 days, or to satisfy the customs duties on dutiable articles which they may have sold during that period. In order to safeguard the Government's interests the commercial traveler must file an entry at the customhouse of clearance with detailed description of all the articles imported as samples, whether or not these have a declared value, and the entry remains pending liquidation during the period allowed for reexportation. At the expiration of this term its coursing is completed, according to circumstances, and it is filed in the ordinary way. The entry (*póliza*) must be filed by a duly bonded customhouse agent (*agente de aduana*).

Section 13. Parcel post.

The following extracts from regulations indicate the Bolivian attitude toward international parcel-post packages. The Executive decree, from which quotations follow, was promulgated April 13, 1914:

Whereas the existing procedure in the clearance of international parcel-post packages establishes exemptions, which, besides relaxing regulations respecting commercial importation, create a condition notoriously unequal as between importations regularly cleared through the customhouses and those that escape these regulations through entry by post, it is indispensable that the procedure in respect of the importation of merchandise be harmonized, subjecting all to the strictest equality, and levying the same charges, whatever the means of introduction; and Whereas it devolves upon the Executive to take heed that commerce of the country is developed under the most perfectly guaranteed conditions, obviating inequalities as to procedure in taxation that might work to the prejudice of its legitimate interests it is decreed:

ARTICLE 1. From and after the 1st of May next every international parcel-post clearance, whatever be the amount of customs duties accruing thereon, shall be effected on the corresponding official paper, to the number of three copies, of which two shall have affixed to them in revenue stamps the equivalent amount of customs entries (B.0.60 for the entry stamped paper and B.0.50 for the revenue stamp, or a total of Bs.1.10 for each copy). These forms shall be distributed according to the usual practice. The third copy, destined for the statistical section of the central customs administration, shall not bear stamps nor be on stamped paper.

ART. 2. Article 263 of the General Customs Regulations and article 4 of the supreme regulatory decree of June 27, 1911, which limit by a determined amount in duties collectible, the clearance of postal packages to be considered subject to the usual customs procedure, are abrogated.

ART. 3. Parcel-post clearances are subjected to the payment of consular fees collectible on importations effected through the national customhouses, in the amounts fixed by article 1 of the law of December 11, 1906. These fees shall be liquidated in the act of classification of the goods on the following bases:

(a) Regarding merchandise provided for in the tariff by official valuation, and the official valuation of which does not exceed Bs.200, a consular fee of Bs.3 shall be collected [upon clearance]; on amounts exceeding Bs.200, fees of 2 per cent on said official valuation shall be collected.

(b) Whenever merchandise is subject to duty at true ad valorem rates, it is obligatory to present the original or commercial invoice, on the basis of which consular fees shall be collected, in the same proportions established in paragraph (a).

ART. 4. For clearances of which the value, whether at official valuation of the tariff or according to invoice, is less than Bs.10 no consular fee shall be collected.

ART. 5. Samples of no appreciable commercial value may be cleared on unstamped paper forms, the corresponding number of copies indicated in article 1 being prepared, and shall not be subject to the collection of consular fees provided for in article 3 of this decree. * * *

On December 4, 1914, a law was passed by the Bolivian Congress providing that no charges other than customs duties and those stipulated under international postal conventions in force be collected on postal parcels, and abrogating the decree from which the foregoing are extracts, but this was vetoed by the Executive (message of Dec. 17, 1914).

Under the decree of December 28, 1912, a "bodegaje" (storage) charge of B.0.50 in stamps for each international parcel-post package was established.

Section 14. Bolivian trade.

Imports.—Table 11, Exhibit I,¹ shows that the imports into Bolivia in 1912 were valued in United States currency at \$19,259,000; divided into manufactured articles, \$12,580,000; food products and beverages, \$4,440,000; raw and slightly wrought materials, \$1,313,000; live animals, \$819,000; and gold and silver, \$107,000. The imports from Germany were \$6,424,000; from Great Britain, \$3,528,000; and from the United States, \$1,787,000. Bolivia has no seacoast and her imports come chiefly through the Chilean ports of Antofagasta and Arica and the Peruvian port of Mollendo. A Bolivian custom-house is located at Antofagasta.

Exports.—A study of Table 12, Exhibit I,² shows that the chief products of Bolivia are minerals. In 1912 the exports of Bolivia were valued at \$35,058,000. Of this amount \$23,433,000 represented tin, almost all of which went to Great Britain. The exports to the United States were valued at only \$152,000.

Section 15. Commercial relations between the United States of America and Bolivia.

The following is a personal opinion of Sr. Don Pacifico Dalence, the director general of the Bolivian customs service, relating to the commercial relations between the United States of North America and the Republic of Bolivia:

The present war must naturally open new avenues of commerce for Bolivia, not only respecting her export products which to-day consist chiefly in those of the mining and rubber industries, but also concerning all articles necessary for internal consumption.

¹ See p. 240.

² See p. 241.

Before the war and until 1914 the statistics of that year show Great Britain in first place with 80 per cent of exportations (Bs.51,936,250) of a total exportation of Bs.65,801,146. The United States occupies fourth place with the low figures of Bs.2,452,501. In the same statistical year Germany occupies first place as to goods imported into Bolivia with a value of Bs.10,625,300 of a total of Bs.39,761,222; that is to say, 25 per cent—the United States again taking fourth place with Bs.4,636,751.

Beginning with 1915, owing to the difficulties existing in communication and transportation with European countries, especially Great Britain, Germany, and France, Bolivian commercial interests have had to seek new markets, not only for the sale of their products, but in their effort to obtain goods for consumption within the country.

The decided rise which has taken place in the quotations on tin, wolfram, copper, antimony, etc., and even rubber, since the beginning of 1915, as well as the constant demand for these articles in the United States at high prices, has greatly stimulated these industries. Hence the Government up to a certain point has been recompensed in this way for the loss of revenue from import duties.

These circumstances have created a larger growth in commerce with the United States and a positively closer relation in this respect, which tends to become stronger each day, and will become even stronger if that nation, availing itself of the existing situation which gives it a virtual commercial monopoly, offers all possible facilities to Bolivian import commerce. One of these is credit; that is to say, the extension of credit on sales for definite periods.

It should be noted in this connection that the European commercial system, chiefly that of Germany, France, Great Britain, Italy, etc., which have maintained close commercial relations with Bolivia, has always been based on the extension of credit. It is not surprising, therefore, that now a certain degree of compulsion is felt by Bolivian commerce when the manufacturers of the United States offer their products, but on the condition of cash payments.

While the European war lasts, which prevents recourse to European markets, perhaps under better conditions and with greater credit facilities, this condition obliges commercial importers to restrict their operations to their economic potentiality in satisfying the needs of the country. This is the dominant impression in Bolivian commercial circles.

The actual exportation to the United States of considerable quantities of minerals as well as of hides and wools (sheep and alpaca) must create a trade balance in the United States in favor of Bolivia. It is desirable for the United States, availing itself of the new commercial relations established, and through the extension of credit, to cancel this balance in the form of manufactured products, thus securing for itself a commercial outlet for its manufactures in anticipation of the competition that without any doubt will be offered as soon as the war is over.

Since the Bolivian customs tariff is essentially a revenue tariff and as no solidly established industries yet exist in the country, there are no protective duties. Duties apply equally to all countries with the exception of those which have concluded commercial treaties with Bolivia, whose products fall within the most favored nation clause.

CHAPTER VII.

REPUBLIC OF PERU.

Section 1. Some characteristics of the Peruvian tariff.

Peru is one of the five South American Republics levying customs import duties by means of specific tariff rates; Chile, Colombia, Ecuador, and Venezuela are the others.¹ Bolivia contemplates a change from the official valuation basis to specific rates in the near future. Law No. 1279, approved March 18, 1910, is the fundamental tariff act of Peru. It is framed under 20 sections or schedules, some subdivided into groups, and contains 3,418 paragraphs. The sections and their relation to imports are:

Paragraphs.	Section.
1 to 226.	I. Cotton.
227 to 420.	II. Wool and hair.
421 to 614.	III. Flax, hemp, jute, and other textile fibers.
615 to 759.	IV. Animal and vegetable silk.
760 to 832.	V. Hides and skins (leather).
833 to 872.	VI. Different made up or manufactured articles of various materials.
873 to 909.	VII. Furniture.
910 to 1362.	VIII. Metals.
1363 to 1528.	IX. Stones, earths, ceramic products, and glassware.
1529 to 1693.	X. Wood.
1694 to 1778.	XI. Coloring materials, varnishes, bitumens, and gums.
1779 to 1790.	XII. Live animals
1791 to 2023.	XIII. Office supplies, paper, and cardboard.
2024 to 2299.	XIV. Tools, marine supplies, machinery, and vehicles.
2300 to 2374.	XV. Musical instruments.
2375 to 2422.	XVI. Arms, ammunition, and explosives.
2423 to 2705.	XVII. Miscellaneous.
2706 to 2734.	XVIII. Beverages.
2735 to 2870.	XIX. Provisions and spices.
2871 to 3418.	XX. Medicinal substances and druggists' supplies.

The tariff is truly specific, though a number of straight ad valorem provisions exist in the law, and the catchall or blanket clause (Rule 51) stipulates a rate of 30 per cent ad valorem for merchandise not provided for in the tariff. The official or fixed valuation feature is entirely eliminated. Rather than have extensive recourse to Rule 51, it is the aim of the customs administration to assimilate new or unenumerated imports by analogy to others that are provided for in the tariff, under the operation of Rule 6.

¹ The theory of the Brazilian tariff is that of official valuation; but in form it is specific.

The condition created by the European war has compelled the Peruvian Government to raise additional revenue, and export dues and the taxation of a number of imported articles formerly on the free list have been resorted to for this purpose. Law No. 2219 of December 29, 1915, affected 49 articles or groups of manufactures formerly exempt from import duties. It provides 12 rates of 5 per cent ad valorem, 34 rates of 10 per cent ad valorem, 1 rate of 20 per cent ad valorem, and several specific rates. American manufacturers are decidedly affected by them. Under the same law, modifying paragraphs 2394 and 2395 of the tariff, the rates on wooden and wax matches were reduced. This action brought a strong protest from the manufacturers of matches in Peru. Increased revenue to the amount of £40,000 (\$194,660) is estimated from these sources.

Under the operation of Law No. 2219 a number of articles, formerly free of duty, are taxed at 10 and 5 per cent ad valorem, respectively, but the minister of treasury is charged, under articles 5 and 6 of the same law, with determination of specific rates for these, based on the indicated percentages of their market value before the European war, within 90 days from promulgation of the law (Dec. 29, 1915). The same amendment increases the duty on passenger and touring automobiles, including taxicabs and other motor vehicles for hire, from 5 to 10 per cent definite ad valorem, and on "automóviles de lujo," meaning presumably cars of the limousine type, from 5 to a definite 20 per cent ad valorem rate. Certain other articles, formerly free, notably machinery, cement and lumber, are taxed at specific rates under the amendment.

In an endeavor to render Section XX (medicinal substances and druggists' supplies) thoroughly specific, 548 paragraphs of the tariff are devoted to its three groups, although the futility of attempting to enumerate patent or proprietary medicines was recognized by incorporating a 25 per cent ad valorem rate for such products in the section (par. 3290) and it is probably the most important and extensively applied rate of its kind in the tariff.

The objectionable "common, medium, and fine grade" qualifications noted in certain South American tariffs are absent in the Peruvian law.

Unless otherwise specified (usually in the corresponding paragraph when the basis of dutiable return is gross weight or legal weight), imports dutiable by weight are taxed on the net weight (Rule 9), the definition of which is modified by Rule 13 when applied to a limited number of articles. A schedule of legal tare allowances according to class of containers, to be deducted from the gross weight of merchandise when packages contain exclusively merchandise of a single kind dutiable on legal weight or on net weight, forms part of the tariff law, and may be resorted to if both examiner and the interested

party agree to accept it, but either may elect that dutiable return be based on actual weight found upon examination, legal or net, as the case may be (Rule 14).

In drafting the tariff now in force (Law 1279), the services of French customs officers were retained by the Peruvian Government. These men were brought to Peru under contract, and one of them acted in an important capacity on the tariff commission. A delegate of the Peruvian customs service, detailed by the minister of treasury, recently visited other South American countries, it is understood, for the purpose of studying their tariff and customs systems with a view to the possible adoption of such features thereof as may seem desirable, in the proposed new tariff. Evidently the Peruvian Government is not averse to the adoption of practicable foreign methods respecting its customs tariff and administration. No probable date for enactment of the projected tariff can be indicated.

Export duties.—New schedules of export duties recently enacted cover sugar, cotton, wool, cattle hides, minerals, crude petroleum and petroleum products, and the estimated amount to be derived from these is placed at £247,317 14s. 6d. (\$1,203,571.70 United States currency). Exports through Iquitos, the great Amazon port, and Madre de Dios are exempt, as is cotton produced in parts of Tacna and shipped through Ilo. Together with the anticipated receipts under Law No. 2219, previously referred to, this revenue is destined for the service of national obligations.

Section 2. Requirements for ship's manifest and amendment thereof.

Paragraph 2 of the Consular Regulations, portions of which ¹ by decree are made a part of the Reglamento de Comercio y Aduanas (commercial and customs regulations of Peru of Dec. 16, 1864) and follow article 48 thereof, provides that—

Every captain or supercargo of a ship, whatever be its nationality, that takes cargo for Peru in a foreign port, shall present to the consular officer there a signed manifest [sobordo] showing in an orderly and clear manner the following data:

- (1) The class, nationality, and tonnage of the ship.
- (2) The port of departure and the Peruvian port or ports to which the ship is sailing.
- (3) The name of the shipper of the cargo and of the persons to whom it is consigned, or if the bill of lading is to "order."
- (4) The marks, numbers, and class of each package, and the gross weight of cargo loaded by each shipper, or its measurement when tonnage is of this nature.
- (5) The number of packages comprising the cargo of each shipper, and the total number of packages included in the "sobordo" [manifest].

Said manifest may be one only, embracing in several sections the cargo destined to different Peruvian ports, or may be made separately for each port. In the first contingency a sufficient number of copies shall be presented so that one may be sent

¹ Arts. 103 to 130, chap. 11, Consular Regulations, modified by decree No. 688 of Oct. 10, 1903, and declared an integral part of the Commercial and Customs Regulations by supreme resolution of Aug. 29, 1890.

to the customhouse at each port of destination, one to the president of the superior tribunal of accounts, one returned to the shippers, and one filed in the consulate. In the second instance cited, each manifest shall be presented in quadruplicate.

Paragraph 29 of the 29 paragraphs incorporated under the caption "Consular manifests and invoices," following article 48 of the Commercial and Customs Regulations, provides that—

Steamship companies are obliged to present the manifest of cargo carried, agreeing with the "sobordo" [consular manifest] viséed by the Peruvian consul at port of shipment and must obtain the corresponding manifest of transshipment, at Panama, when the shipment of partial cargoes belonging to a single sobordo is involved. Customhouses shall impose the fines prescribed in these regulations when packages included in the sobordo are not discharged.

Article 25 of the Commercial and Customs Regulations provides that—

The captains of merchant vessels that arrive from abroad shall deliver to the commander of customs guards or to his lieutenant a manifest [manifesto por mayor] of all cargo that they have on board, distinguishing therein transit cargo and ship's stores. * * *

Article 35 of the Commercial and Customs Regulations provides that—

After delivery by the captain of the general manifest or of the ship's bills of lading of the cargo, said captain or the consignee of the ship shall present himself for the purpose of amending the manifest.¹ * * *

In this act two or more copies of the same manifest, prepared on special customs form shall be exhibited, in which the marks and number of each package, their quantity, and the names of the persons to whom they are consigned are stated. Comparison shall then be made with the manifest presented by the captain, or formulated by the contaduría, or with the register, and any variation as to marks, numbers, or addition of a package that may have been omitted, shall then be explained, but no diminution of the manifest [first] presented shall be permitted, unless some error or accident is clearly proven that in the judgment of the collector justifies it.

In the amendment of the general manifest it shall not be permitted to declare on one line more than one lot, which for this purpose shall be considered as made up of the packages bearing the same marks and manifested jointly [grouped] on the sobordo [consular manifest], or if this is lacking, on the captain's manifest. When a lot exceeds 500 packages, it shall be obligatory to divide it into as many lots [lines] of 500 and fractions thereof as may be contained in the total number of packages involved in the amendment. * * *

It was explained by officers of a foreign steamship line plying between Panama and the coast ports of Peru that frequently it happens that they carry cargo on board that does not appear on the sobordo from Panama. Their practice in such cases is to communicate with the Panama office and have this manifested on the next ship of the line that touches at the port where the cargo was discharged. Though apparently not provided for in the regulations, the officers stated that

¹ Under par. 2 of art. 35 the time allowed for such amendment is two working days in all customhouses of the first class, that shall be counted from the time when the general manifest and the bills of lading covering the cargo are delivered.

no difficulty had ever been experienced with the customs in this respect, and added that to the best of their knowledge no fines were imposed on the grounds of excess packages discharged.

Section 3. Bills of lading.

Paragraph 8 of the regulations following article 48, Commercial and Customs Regulations, provides:

Each consular invoice shall be presented to the consular officer, accompanied by a bill of lading, and an invoice may never cover more than one ocean bill of lading. Several copies of the ocean bill of lading may be extended, as is the custom. When goods are loaded without bill of lading, the mate's or ship's receipt may supplant it for the purposes of this article.

Paragraph 16 of the same series provides:

The consular officer shall remit to the customhouse or customhouses, under closed and sealed cover, and by the same [carrying] vessel, the respective manifest,¹ accompanied by the bills of lading and one copy of each [consular] invoice, with all the observations and advices by him deemed pertinent toward the prevention of fraud.

The customhouse recognizes as the owner of imported goods, whosoever presents himself with the entry (póliza) covering them, accompanied by the original consular invoice, with the indorsement of the steamship company in his favor,² and the indorsement or approval of the dock and wharf company on the entry (póliza). Negotiable or original bills of lading, therefore, are not filed at the customhouse. It is reported, however, that the steamship agencies do not indorse entries until bills of lading are produced, or if their arrival has been delayed, until a satisfactory guaranty is furnished by the person claiming the goods.

Section 4. Consular invoice.

Law No. 2219, of December 29, 1915, increased consular fees from 1 to 2 per cent of the invoice value. Blank forms are on sale at consulates.

The following is a digest of paragraphs 3, 4, and 9, and subparagraphs 3 and 4 of paragraph 19, following article 48 of the Commercial and Customs Regulations:

Consular invoices must be executed in quadruplicate, and must show—

(1) The name of shipper, port of shipment, name of the person to whom goods are consigned, or, if bill of lading is to "order," port of destination, and name of carrying vessel.

(2) The marks, numbers, number of packages, class of packages, their contents and gross weight, or measurement if freight is of this nature.

¹ This is the consular manifest or "sobordo" referred to in sec. 2 of this chapter, p. 207.

² Art. 38, Commercial and Customs Regulations.

In declaring the contents of each package it shall be sufficient to indicate the name, quantity, class and material of each class of goods.

The quantity shall be indicated in kilos, meters, units, or dozen, according to dutiable basis of the goods under the tariff, and to this end consular officers shall supply the necessary information to shippers.

When a number of packages of the same class and contents are in question, the declaration in consular invoice may embrace all of them on a single line.

(3) The value and country of production or origin of the goods.

Consular invoices must be sworn to or their correctness certified by the interested party.

Consular officers are permitted to require a copy of the customs export declaration if it is customary to require these at customhouses of the ports of shipment. Only in exceptional cases involving doubt are shippers obliged to present at the consulates original commercial invoices covering shipments.

Fine for lack of invoice.—Merchandise, whether free of duty or dutiable, to cover which consular invoices are not presented, or when consular invoices filed to cover the same are not executed according to the requirements previously mentioned, is subject to a fine of 25 per cent of its value.

If no consular invoice was issued, the consular fee of 2 per cent on the value of the shipment also is collectible.

Lack of consular invoice—How cured.—If through loss in the post or other fortuitous circumstance duly proven it should be impossible for the importer or his agent to present the consular invoice within the period allowed, the collector of customs shall permit the importer or his agent to make a copy of that received by the customhouse from the Peruvian consulate. If the importer or his agent at the foot of such copy assumes responsibility for everything expressed therein and obligates himself under bond for payment of a sum representing 25 per cent of the value in case of nonpresentation of the consular invoice or a certified copy within a reasonable time, to be fixed by the collector of customs, the copy so made shall be considered provisionally authentic and sufficient proof in place of the missing original. Only under the circumstances outlined, duly proven, may the fine for lack of consular invoice be remitted by customhouses.

Section 5. Customhouse procedure.

This is comparatively simple in Peruvian customhouses and it is reported that clearances are effected with promptness. Owners or consignees of merchandise are required to file an entry¹ (póliza)

¹ See facsimile of "póliza" or entry opposite p. 214.

in triplicate within eight days after its discharge into the provisional warehouses, indicating therein whether the goods are destined for immediate consumption, reexportation, or for warehousing in bond. Entries must be accompanied by the consular invoice.¹ Import entries (pólizas) must show:

- (1) The marks, numbers, and class of packages clearly expressed.
- (2) Classification of the merchandise clearly expressed.
- (3) Detailed description of the merchandise, by class, as provided for under generic denominations in the tariff.
- (4) As to merchandise not provided for in the tariff, their proper names or denominations, or at least the component material and use for which such merchandise is destined.
- (5) The exact quantity, measure, weight, or volume of the merchandise, according to basis on which it is dutiable under the tariff.
- (6) As to machines and tools, their correct denomination or use to which applied. Presentation of models, designs, or drawings of machines may be required.
- (7) Generally, descriptions in entry must textually agree with nomenclature of the tariff paragraphs.
- (8) Number of the paragraph of the tariff under which merchandise is dutiable must be declared.
- (9) Besides dutiable quantity, according to tariff basis, gross weight must be shown.

If dutiable merchandise is not cleared within eight days after discharge into warehouses, it becomes subject to a storage charge of 1 per cent of the duties accruing, for the first month or fraction and two-thirds per cent for each succeeding month or fraction thereof. Jewelry, etc., however, becomes subject to a storage charge of one-eighth of 1 per cent for each month or fraction thereof. If the merchandise is free of duties, storage charges of sol 0.05² are levied for the first month or fraction and sol 0.03 for each succeeding month or fraction under like conditions.

If interested party does not request clearance, warehousing, or reexportation within eight days after discharge of goods into warehouses, an inventory charge of soles 5 is levied on each package, except when more than one package, all of identical class, weight, and contents, are in question. In that case a charge of soles 5 is imposed for the first package of the lot and sol 0.20 for each remaining package.³ The inventory is made by customs examiners, and goods then are removed to and stored in general warehouses for account of consignee.

¹ See sec. 4, p. 209.

² The sol—\$0.48665 United States currency and is one-tenth of the Peruvian pound (£p.).

³ Decree of Mar. 11, 1908.

If inventory is requested by the interested party through ignorance of contents, a charge of sol 1 is made by the customhouse for each package weighing up to 99 kilos and of soles 2.50 for each package weighing more than 99 kilos.

Entries are checked with the manifest, compared, progressively numbered, and coursed for examination with promptness. Immediately after examination, returns of dutiable quantities and rates of duty are made by examiners and liquidation of duties effected.

Article 4, decree of July 31, 1907, provides that—

If on the day of filing of an entry the interested party should desire to correct any numerical error incurred, and if the examiner for the merchandise covered thereby has not yet been designated, the collector of customs may permit the correction, provided that it involves the numbering of packages, the value, the number of dutiable units or of weight, and not correction as to declaration of quality of goods.

Declarations in the entry, not opportunely modified in accordance with article 4 of the decree of July 31, 1907, are binding and are the basis for examination of goods and the imposition of penalties incurred. Within 48 hours following the day subsequent to liquidation of duties, merchandise must be removed from customs warehouse; if not withdrawn, demurrage or treble the storage charges are collected. Duties are payable in cash, before delivery of goods from customs warehouses.

The duplicate of the consumption entry is a perforated form, one section of which is used as a permit authorizing delivery of goods covered in the entry, after payment of duties, and subsequently is filed as a voucher for owner's receipt of the merchandise.

Routine procedure at the port of Callao has been discussed above.

Audit.—The following is a digest of article 179, Commercial and Customs Regulations, and of article 22, regulatory decree of July 31, 1907:

Provision is made under the Peruvian Commercial and Customs Regulations for independent examination of goods by collectors or for reexamination by them of merchandise after customs examiners have performed their work in connection with clearances, but not after imports have been removed from customs custody. If errors have been committed to the prejudice of the revenue or of importers, the rule against reexamination does not operate as a bar to subsequent reliquidation and collection of additional duties due nor to refund of excess collections. Customs auditors (*contadores*) are also authorized to effect independent reexamination of merchandise after previous notice to collectors of customs (*administradores*). At the time of delivery of goods the customhouse may order reexamination thereof after notice to the interested party.

The general superintendent of customs, recently replaced by a director general of customs, is charged with general supervision and

audit of customs accounts, and these later are submitted to the superior tribunal of accounts for final audit. Collection of differences found due upon audit by the superior tribunal of accounts may not be effected after the expiration of five years from date of the original transaction.

According to the decree of July 15, 1915, no abatement in duties is authorized for damage or leakage amounting to less than 10 per cent. No allowance is authorized for damage to provisions if their qualities of wholesomeness are impaired, and their destruction is determined in such cases by the same decree.

If packages are discharged into customs warehouses showing damaged exterior condition, and notation of this fact has not been entered by the warehouse guard or keeper, these officers are held responsible for shortages found. Packages noted in "bad order" by the warehouse guard or keeper are examined by representatives of the carrying ship's agents, accompanied by customs officers, and transportation companies in such instances are responsible for shortages, as well as customs duties, which are collected by the customhouse as though contents were intact.

Section 6. Method of calculating duties in Peru, and typical clearances through the Callao customhouse.

American cotton prints.—The following (A) illustrates an importation of 25,000 yards (22,860 meters) plain woven American cotton prints, 25 inches (63.5 centimeters) wide, 64 by 64 ends per square inch (30 threads per square of 6 millimeters); weight per 100 square yards, 15 pounds 10 $\frac{1}{4}$ ounces (8.500 kilos per 100 square meters);¹ assumed c. i. f. value Callao \$1,329.50 United States currency; gross weight, 1,592 kilos (3,510 pounds); weight, including interior wrappings, labels, tags, tape, etc., 1,294 kilos (2,853 pounds); net weight, 1,234 kilos (2,720 pounds); dutiable under paragraph 73 of the tariff at sol² 0.60 per kilo, specific, on the net weight. Under the operation of Rule 13 of the tariff the net weight of textiles, unless the contrary is stipulated in the tariff, includes the weight of spools or rolls, cartons and boards on which they are bolted, and the paper and ribbons or tape in which they are wrapped or which are interposed between their folds. It is assumed in this illustration, as in the example given for Argentina, that the weight of goods including these is 1,294 kilos (2,853 pounds). If imported without these wrappings, the goods would be dutiable on true net weight.

¹ The square of 1 inch side divided by 4.23 equals the square of 6 millimeters side. One square yard equals 0.836 square meter. For general table of equivalents of measures, weights, and monetary values, see Exhibit II, p. 246.

² One sol equals \$0.48665, United States currency. For general table of equivalents of measures, weights, and monetary values, see Exhibit III, p. 246.

	£p.
1,294 kilos, at sol 0.60 (Law No. 1279 of Mar. 18, 1910).....	1 77.640
Additional or surtax of 8 per cent on liquidated duties, created by the law of Nov. 18, 1892 ²	6.211
Additional or surtax of 1 per cent of net duties, created for the water and sewer systems of Callao by the law of Jan. 8, 1896, and continued in force for paving of Callao by the law of Aug. 22, 1907 (cost of paving limited to £p. 35,000 silver).....	.776
Additional or surtax of 1 per cent of net duties, created by the law of Sept. 30, 1903, for erection of a national theater in Lima, cost of grounds and construction originally limited to soles 500,000 silver ³.....	.777
Tax of one-fifth of 1 centavo per kilo gross weight on all merchandise cleared through customs warehouses at Callao and Mollendo, not including merchandise delivered from ship's side or docks without passage through warehouses (art. 2 of Law No. 2219, Dec. 29, 1915). This is referred to as the handling or "movilizacion" tax (1,592 kilos).....	.318
Stamped paper and stamp charges (art. 5 of the law of Jan. 11, 1915, and art. 165 of Commercial and Customs Regulations).....	.090
Total £p.....	85.812

£p. 85.812 (at \$4.8665 United States currency to the £p.) equals \$417.60 United States currency which is 31.4 per cent of assumed c. i. f. value.

Nickel watches.—The following (B) illustrates an importation of 1 gross nickel watches, assumed c. i. f. value Callao \$75 United States currency; gross weight, 40 kilos (88 pounds); dutiable under paragraph 1343 of the tariff at sol 0.20 each, specific. To illustrate the inventory and storage charges mentioned in section 5 of this chapter, it has been assumed that inventory was requested by consignee before filing entry, that goods were not cleared within the eight days allowed, and that both of these charges therefore accrued, goods having been withdrawn from customhouse, however, within the first month storage allowance:

	£p.
144 watches, at sol 0.20 each.....	2.880
Additional or surtax of 8 per cent.....	.230
Additional or surtaxes of 1+1 per cent (2 per cent).....	.058
Movilizacion or handling tax, one-fifth centavo per kilo gross weight (40 kilos).....	.008
Inventory charge (packages weighing 99 kilos or less).....	.100
Storage charge, 1 per cent of basic duty (£p. 2.880).....	.029
Stamped paper and stamp charges.....	.090
Total £p.....	3.395

£p. 3.395 (at \$4.8665 United States currency to the £p.) equals \$16.52 United States currency which is 22 per cent of assumed c. i. f. value.

¹ "77.640" equals 77 pounds 6 soles and 40 centavos or 776 soles and 40 centavos.

² When this law was promulgated the Peruvian tariff was mainly on an official valuation basis, since changed to specific by Law No. 1279 of Mar. 18, 1910, and the proceeds were to liquidate the exterior debt of Peru. This surtax is collected at all Peruvian ports.

³ Additional or surtaxes of 2 per cent of net duties also are collected at the Peruvian ports of Salaverry, Paico, and Pisco, and of 3 per cent at Eten, besides the 8 per cent previously referred to.

sumo

SOTTO

BIBLIOTECA DE CALLOO

Póliza No. 9854

SPECIMEN:

PRO-FORMA

Señor Administrador:
El ferrocarril para el consumo de la siembra venida por buques y "Limón" de Diciembre de 1905.

[illegible]

PERUVIAN CUSTOMS IMPORT ENTRY (POLIZA). (FRONT.)

Canned peaches.—The following (C)¹ illustrates an importation of 10 cases canned peaches, assumed c. i. f. value Callao \$36.30 United States currency, 24 2-pound cans to the case; gross weight 260 kilos (573 pounds); dutiable under paragraph 2806 of the tariff at sol 0.16 per kilo, specific, on the gross weight. It is assumed regarding this shipment, that entry was not filed within the eight days allowed for this purpose after discharge into warehouses, that official inventory of the 10 cases was taken because of this circumstance, that goods were not cleared until 2 months or 1 month and a fraction after discharge into customs warehouse, and that in consequence these extra charges (discussed in sec. 5 of this chapter) accrued.

260 kilos, at sol 0.16.....	£p. 4.160
Additional or surtax, 8 per cent.....	.333
Additional or surtaxes, 1+1 per cent (2 per cent).....	.083
Movilizacion or handling tax, one-fifth centavo per kilo gross weight (260 kilos).....	.052
Inventory charge (packages are of same class and size and have same contents in each), soles 5 for first case and sol 0.20 each for the remaining 9 cases.....	.680
Storage charges for two months, 1½ per cent of basic duty (£p. 4.160).....	.069
Stamped paper and stamp charges.....	.090
Total £p.....	5.467

£p. 5.467 (at \$4.8665 United States currency to the £p.) equals \$26.61 United States currency, which is 73.3 per cent of assumed c. i. f. value.

Canned salmon.—The following (D) illustrates an importation of 10 cases canned salmon, assumed c. i. f. value Callao, \$37.30 United States currency, 48 1-pound cans to the case; gross weight 311 kilos (686 pounds); dutiable under paragraph 2789 of the tariff at sol 0.16 per kilo, specific, on the gross weight.

311 kilos, at sol 0.16.....	£p. 4.976
Additional or surtax, 8 per cent.....	.398
Additional or surtaxes, 1+1 per cent (2 per cent).....	.100
Movilizacion or handling tax, one-fifth centavo per kilo gross weight (311 kilos).....	.062
Stamped paper and stamp charges.....	.090
Total £p.....	5.626

£p. 5.626 (at \$4.8665 United States currency to the £p.) equals \$27.38 United States currency, which is 73.4 per cent of assumed c. i. f. value.

Men's woolen or worsted suits.—The following (E) illustrates an importation of 1 dozen men's woolen or worsted suits, with or without cotton admixture (coats, vests, and trousers), assuming that neither warp nor filling of the component textile is entirely of cotton (in which case lower rates would be applicable to the coats and trousers); assumed c. i. f. value Callao \$116 United States currency; estimated gross weight 60 kilos (132 pounds). Coats are dutiable under

¹ See facsimile of "poliza," or entry, opposite p. 214.

paragraph 325 of the tariff at soles 6.75 each; vests under 347 at soles 2.25 each; and trousers under 377 at soles 3.25 each, all rates specific.

	£p.
12 coats, at soles 6.75 each.....	8.100
12 vests, at soles 2.25 each.....	2.700
12 trousers, at soles 3.25 each.....	3.900
£p.	14.700
Additional or surtax, 8 per cent.....	1.176
Additional or surtaxes, 1+1 per cent (2 per cent).....	.294
Movilizacion or handling tax, one-fifth centavo per kilo gross weight (60 kilos)..<	.012
Stamped paper and stamp charges.....	.090
Total £p.	16.272

£p. 16.272 (at \$4.8665 United States currency to the £p.) equals \$79.19 United States currency, which is 68.3 per cent of assumed c. i. f. value.

Expenses of discharging merchandise have not been included in the foregoing examples. At Callao this generally amounts to 2 soles per cubic meter (35.316 cubic feet) or to 2 soles per 1,000 kilos (2,205 pounds), according to classification of the goods in the discharging company's tariff, though certain goods or articles pay specific amounts per piece, package, or head—fresh vegetables, fruit, and live stock among them. For coal and lumber the charge is soles 1.50 per cubic meter. For purposes of these charges the sol is computed at 36d. (about \$0.73 United States currency). This charge, therefore, is liquidated at about \$1.46 United States currency per cubic meter or per 1,000 kilos, as the case may be, for general merchandise, and \$1.10 United States currency per cubic meter for coal and lumber.

It is claimed by consignees at Callao that steamship companies charge additional freight amounting to 5 shillings (\$1.215) per ton of measurement or weight through a special bill of lading clause covering foreign cargo shipped to Callao.

Section 7. Fines and seizures.

According to Rule 20 of Law No. 1279, as modified by the law of November 23, 1910, penalties prescribed in Customs Regulations for excess in weight found upon examination over and above quantity declared in entry are not applicable if they do not amount to 3 per cent in merchandise dutiable on weight.

Paragraph 22 of the 29 paragraphs following article 48 of the Commercial and Customs Regulations provides:

Should it be discovered or proven that the value of merchandise as declared in consular invoices is inferior to the true value, and the owner, consignee, or agent should have led the customhouse to err by means of such declaration, collectors of customs shall impose a fine equivalent to ten times the difference in value under-declared, without prejudice to collection of the difference due for consular fees [2 per cent] to the respective consulate.

If the owner, consignee, or agent should notify the customhouse of untruthful declaration in the consular invoice as to value, only the consular fees due because of said difference shall be collected.

Under the provisions of article 90 of the Commercial and Customs Regulations, and the supreme decree of December 18, 1907, fines of double duties are imposed and collected under the following circumstances:

(a) For excess in quantity of merchandise entered with a toleration allowance of 5 per cent.¹

(b) For excess in merchandise not entered, duties on which do not exceed £p. 5 [\$24.33 United States currency].

(c) For differences or inaccuracies in specification when the duties caused thereby do not amount to five times those that would have accrued according to description entered, and the difference in duties does not exceed £p. 5 [\$24.33 United States currency] for each entry [póliza]. Double duties in no instance shall be collected if not amounting to soles 5 [\$2.43 United States currency].

Under the same article and decree, seizure is prescribed:

(a) For excess quantities not declared, found upon examination of merchandise when the duties caused are greater than £p. 5 [\$24.33 United States currency].

(b) For differences in specification through which a duty five times or greater than that accruing on description entered is caused, provided that the total exceeds £p. 5 [\$24.33 United States currency].

(c) For the entire contents of a package in which merchandise is introduced, packed, or concealed within other merchandise contrary to custom, or packed in a manner to render the intent to conceal obvious.

(d) For merchandise falsely labeled or marked, if the true classification of such articles is not evident at first glance.

Other penalties are provided for, but the foregoing are cited as of most general interest to exporters. Immunity from fine or penalty, except as to difference in consular fees, is conceded, if the interested party advises the collector of customs in writing of differences before examination, or specifies on the entry itself the fact and manner of the fraudulent concealment of goods.

In Peruvian customs practice penalties and fines may be and are remitted administratively by the collectors of customs. The collector at Callao stated that the surrounding circumstances of each case are carefully considered and that action is taken in accordance with equity rather than the strict letter of the law. He said that it is the aim of the service to proceed with liberality in this respect when good faith is evident and that in practice few fines are imposed. From his statement it appears that there is more elasticity in this matter in Peru than in any of the other five countries studied.

¹ 3 per cent as to articles dutiable by weight—Rule 20 of Law No. 1279, as modified by the law of November 23, 1910.

The following is a translation of a supreme decree promulgated at Lima, July 27, 1908:

For the more equitable application of article 4, regulations of July 31, 1907, it is ordered: (1) Collectors of customs may not apply greater penalties than those in the ordinances, but they may reduce them, provided that sufficient motives for such action are adduced, and they may even remit the entire penalty, though the infraction be established and proven, provided that it resulted through incorrect declaration originating from evident error easily discovered from declaration appearing in the consular invoice, and only in cases when the numbering of packages, the value, dutiable units, or the weight of imported articles in packages containing but one class of goods are involved; (2) in cases when collectors of customs make use of this faculty, the original record shall be submitted to the general superintendent of customs¹ for review. * * * Should the same person commit frequent errors in declarations that are required in customs documents, collectors shall suspend all relations between the customhouse and the culpable person or persons.

Section 8. Protests and appeals.

The following is a digest of articles 89 and 177 of the Commercial and Customs Regulations, and of the decrees of March 30, 1900, and January 11, 1910:

When the interested party is dissatisfied with examiner's classification or his damage and leakage estimate, he shall so notify the collector in order that after hearing the opinion of two experts, one named by the service and one by the interested party, the collector may reach a decision.

Dissatisfaction with the examiner's return shall be noted on the entry (póliza) and this shall be coursed through the corresponding channel for liquidation according to examiner's return, without prejudice to refund that may be found due upon review. The interested party then shall notify the collector in separate written protest of his dissatisfaction and designate the person he selects as expert. When protest is entered, samples are extracted as exhibits on review, prior to release of goods from customs custody.

In the customhouse at Callao, when review is requested, the director de despacho (collector of customs)² appoints two examiner to make a reexamination, and he decides the issue in the light of their opinion and his best judgment. Further recourse is to a tariff board under the presidency of the general superintendent of customs³ at Callao, formed of customs officers—termed the "Junta de Arancel." Final appeal may be made to the Central Government through the director general of customs.

¹ Now the director general of customs.

² The office of general superintendent of customs has been abolished, and a director general of customs provided for. The general superintendent of customs formerly acted as collector of customs at Callao, but it is understood that under the recent reorganization a separate collector of customs will act at Callao also with the title of "administrador."

³ The organization of this board now is different, owing to the recent substitution of a director general of customs, with station at Lima, for a general superintendent of customs.

Merchandise should not be removed from customhouses if protest is contemplated unless samples of the goods in dispute can be taken and certified, and protest should be filed within 48 hours after examination.

Section 9. Valuation.

Rule 6 of Law No. 1279 provides for the classification of merchandise not specified in the tariff by assimilation thereof to goods to which it bears the closest analogy, and for the submittal of samples of the merchandise to the tariff board for review. The board may either accept or reject the assimilation, and refund or additional collection of duties be effected as a result of their findings.

Rule 51 of Law No. 1279 provides that—

Merchandise not provided for in this tariff shall be dutiable at 30 per cent of its wholesale value in warehouse, this to be computed from original invoices or by such discretionary means as lie within the power of customs officials. This classification shall be considered temporary, until such time as a corresponding specific duty is fixed.

It will be noted that the penalty for undervaluation, if this is discovered or proven, is severe.¹

As noted in section 1 of this chapter, patent and proprietary medicines are dutiable under paragraph 3290 of the tariff at 25 per cent ad valorem. The bases for appraisal for these are the catalogues, and, for other articles not listed in catalogues, the original manufacturer's invoices certified by the consul of Peru in the country of origin.

Generally in arriving at values for the purpose of levying duties ad valorem, the customhouse is governed by consular invoice, but if the value therein declared is considered low, presentation of original invoices is demanded. In case of refusal to produce these, the merchandise is appraised according to examiner's judgment.

Section 10. Abandonment.

If the interested party does not desire to clear goods, he may so advise the customhouse and express abandonment. Auction sale then is ordered by the customs, and charges and duties are deducted from the proceeds of the auction sale. No provision exists requiring that the bid accepted must cover duties and charges, or that such items remain a charge against consignee if these are not fully realized upon auction sale.

Merchandise usually is abandoned in the Peruvian customhouses for the following reasons:

- (a) Because the duties are greater than the value of the goods.
- (b) Because it does not suit the purchaser to receive them.

¹ See sec. 7 of this chapter.

(c) Because of the condition in which the goods have arrived in the customhouse.

(d) Because they have not been ordered, or, what amounts to about the same thing, when information concerning the package has not been fully given. Also, particularly in the case of American factories, because shipping instructions concerning the packing of the merchandise have not been complied with, thereby causing the payment of unnecessary duties.

Merchandise which remains in the customhouse more than three years is considered abandoned and is sold at auction. In case the owner of goods requests that goods be considered abandoned, these are sold at auction after the lapse of 30 days. The goods are sold for whatever the public offers and are knocked down to the highest bidder.

Section 11. Samples of commercial travelers, and certain advertising matter.

It is the practice either to request mutilation of samples of commercial travelers, or to file an application with the collector of customs, requesting their introduction subject to reexportation later. A period of from 60 to 90 days is granted for this purpose. If entered for reexportation, the customhouse designates an examiner to inventory the samples and entry is filed in accordance with this. Duties are then paid, and if the samples are reexported within the stipulated period, in accordance with quantity entered, refund of duties is made.

Rule 47 of Law No. 1279 provides that—

Articles bearing advertisements, not designated in the tariff, not susceptible of other application than simply that of advertising, shall be classified according to their class, with a reduction of 25 per cent, provided that the legend [advertisement] be indelible and appears on the principal part of the object on which it is engraved.

Section 12. General comments on shipments from the United States to Peru, credits, etc.

The following are comments by one of the leading business houses in Lima, Peru, prepared for the Federal Trade Commission:

One of the principal causes to which the limited importation from the United States may be attributed is the high rate of maritime freights.

Comparing the freights from Europe, especially from England and Germany, with those from the United States (without considering the natural increase due to the European war), it will be seen that the latter are higher than the former.

The highest freight rate, via Panama, from Germany or England is 50 shillings (\$12.15) against \$18 to \$20 from the United States.

There are several articles that, due to their classification, pay a freight based on their volume, which represents a big difference, especially if compared with those from Europe, which are calculated by their weight, as in the case of raw materials for industrial purposes.

Therefore it would be well to begin with the revision of the freight rates as regards types and also classifications, since the expense of transportation is the largest factor in the cost of merchandise.

The next step should be to arrange with the navigation companies located here for the abolishment of the surcharge that is levied on all merchandise exported to the port of Callao, a surcharge which is in no way justified, and which is nothing but the expense of unloading the ship, which is, of course, included in the freight paid.

This surcharge is inserted in one of the clauses of the bills of lading as "the cargo exported to the port of Callao is subject to an overfreight of 5 shillings per ton." This burden has been explained by the navigation companies in different ways, but it is really the expense of unloading, which in no case amounts to 5 shillings a ton.

An agreement between the steamship companies would probably end this situation. With regard to the rest of the imposts, the tariffs of the country [Peru] are liberal enough; that is, with reference to port charges compared with those of other Pacific ports.

One of the reasons why there is a preference for European merchandise and products is the superior packing of the goods, which insures their safe arrival at the destination. Good packing assures, aside from the above guarantee, all-around economy not only in the freight rates but in some cases in the payment of customs duties.

Shortcomings of the American manufacturers in the numbering of packages.—Numbers of packages must be consecutive; e. g., a shipment of 10 packages should be marked from 1 to 10 and not No. 1, 15, 865, 943, and so on. The next shipment should begin with number 11 and so on.

Preparing commercial invoices.—Another difficulty is that the American exporter, with few exceptions, is careless in the wording of the invoices, which often lack the necessary information for clearance in the customhouse.

American manufacturers pay insufficient attention to this important matter. They give no details about each package nor the contents therein; this results in the payment of fines and unnecessary expenses which could be avoided if the invoices showed the weight (gross) of each package and the net and the legal weights of the contents of each.

In the entry for clearance through customs, importers must describe in detail the weight according to the proper schedule, composition of the article, etc., which can not safely be done owing to the deficient information given in the American invoices; thus fines and other expenses that could be avoided if the invoices were correct often are caused. It is very easy to describe in detail the contents in the invoice, and there is no excuse for American merchants not fulfilling this requisite. The absence of this description compels the importer to request a customs "inventory" of the packages which means added expense.

When, due to the defective wording of an invoice, an error is made in making the customs declaration for clearance of the merchandise, a fine of double the amount of the duty covered by the difference between the liquidation and the declaration is imposed, and seizure of goods results in certain instances.

There is also another difficulty, which under the present circumstances has become worse than ever; that is the delay in receiving of the documents covering the shipment; often they are received after the merchandise arrives. Proper formalities regarding indorsement of documents when the consignment is "to order" are frequently omitted.

Importers are required to declare at the customhouse their intention as to disposal of merchandise within eight days after its discharge into customs warehouses—that is, if it is intended for local consumption, to be stored in bond, or reexported. Failure to comply with the above requirement results in the taking of an official customs inventory and a charge amounting to soles 5 (\$2.43) for each package, if packages are of different size and contents, or of soles 5 for the first and sole 0.20 for the remaining

packages if all are of the same class, size, and contents. Under such circumstances storage charges likewise become due.

Undoubtedly, any delay due to the above-mentioned causes is prejudicial.

An indispensable condition for commercial development are the facilities granted by the sellers to the buyers. Owing to the facilities given, the European exporter has obtained the greater part of the Peruvian commerce, giving credits from 120 days, the shortest (counting from the date of arrival of the merchandise), to 6 and to 9 months.

If North American trade wishes to dominate the South American market it must be remembered that the establishment of American banks in each capital of the Republics, with branches or agents in the small towns, is urgently needed.

Section 13. Peruvian trade.

Imports.—In 1913 for the first time in history the imports from the United States into Peru exceeded the imports from any other country.¹ Table 13, in Exhibit I,² shows the classes of merchandise imported into Peru as well as the countries of origin. In 1913 the total importation was valued at \$29,632,000 United States currency. The imports from the United States—chiefly metal products and lumber—were valued at \$8,541,000; from Great Britain, \$7,781,000; from Germany, \$5,139,000; from Belgium, \$1,869,000; from France, \$1,363,000; and from Italy, \$1,236,000.

Exports.—Table 14, in Exhibit I,³ shows the exports from Peru by commodities and by countries of destination. In 1913 the total exportation was valued at \$44,471,000. The exports of metal were valued at \$13,510,000; of cotton, \$6,930,000; and of sugar, \$6,876,000. Petroleum, rubber, and wool were also exported in substantial quantities. Great Britain received Peruvian exports valued at \$15,561,000, and the United States was a close second, receiving Peruvian exports valued at \$14,760,000. Chile was third (\$5,855,000).³

Reciprocity.—The following is an extract from a report, already referred to, that was kindly prepared for the Federal Trade Commission by Dr. Heraclides Perez, director of administration of the treasury of Peru, dated Lima, February 26, 1916:

The customs tariff of Peru is based on the principle of absolute equality in duties for all countries that ship their products and manufactures, and in this sense none enjoys any special concessions.

Until now free competition therefore exists between European and American imports, with advantage in favor of the lower price.

For the United States of North America to enjoy trade with Peru that will show a satisfactory growth, it would be necessary that the United States, which to this end has commercial treaties with certain other countries, also conclude one with Peru.

Only in this way would international trade be established to the benefit of both countries.

¹ Supplement to Commerce Reports, No. 46a, July 27, 1915, report by W. W. Handley, consul general at Lima, p. 1.

² See p. 242.

³ See p. 243.

Section 14. Industries and protection.

Statistics of production in Peru are available only in a few cases. Her large exportation of metals indicates that this is the chief source of international trade. But important beginnings have been made in other lines. Sugar and cotton production, for example, are well advanced.

The Peruvian tariff is protective in some of its provisions. Among the industries favored are the woolen and cotton industries, the hat industry, the manufacturing of leather goods, and the tanning of leather. The manufacture of hats is quite extensive. There are two woolen mills. Table 10 contain the names, location, etc., of the principal cotton mills in Peru.

TABLE 10.—COTTON MILLS, IN PERU.¹

Name of mill.	Location.	Number of spindles.	Number of looms.
Inca.....	Lima...	17,000	504
Vitarte.....	...do....	15,000	559
Victoria.....	...do....	9,700	360
Progreso.....	...do....	8,100	300
San Jacinto.....	...do....	5,900	220
Andres Malatesta.....	Ica.....	2,700	100
M. Forga e hijos.....	Huacoco..	9,500	350
Total.....		67,900	2,393

¹ Furnished by William W. Handley, consul general at Lima.

The following reply to a memorandum of the Federal Trade Commission was kindly prepared by Dr. Heraclides Perez, director of administration of the treasury of Peru:

The customs tariff law of Peru in force is protective of some of the national industries.

To this end the law burdens certain articles and manufactures related to these industries with duties so high that in some cases they are prohibitive.

The national industries and the paragraphs of the tariff law (No. 1279) which refer to them are principally the following:

Paragraph.	Item.	Unit.	Duty.
	FLOUR MILLING INDUSTRY.		<i>Sp. Sols. Centavos.</i>
2817	Wheat flour.....	Kilo (gross weight)....	0.0.04
2863	Wheat of all kinds.....	...do.....	.0.01½
	MATCH FACTORIES.		
1 2394	Wood matches, including the box of tin or wood which contains them.	Kilo (gross weight)....	.0.50
1 2395	Matches of wax, including the box, etc.....	...do.....	.1.00

¹ Duty was reduced to sol 0.20 per kilo by Law No. 2219 of December 29, 1915.

Para-graph.	Item.	Unit.	Duty.
HAT FACTORIES.			
233	Fur of rabbit or hare.....	Kilo (net weight).....	0.0.60
243	Rough hat forms (almas) of wool.....	Dozen.....	3.00
400	Hats of hair felt, stiff.....	do.....	1.3.50
401	The same, soft.....	do.....	1.0.12
402	Hats of coarse felt, called flock wool, for use of the natives, with oval crown up to 10 centimeters in height, with hat band and binding of any material, with or without lining of cotton and without other adornment.	do.....	4.50
403	The same, with hat band or binding of silk, with or without lining of any material, and with additional ribbons or cords of silk, or with buckles of mother-of-pearl or any other ornaments whatever which do not constitute an indispensable part.	do.....	5.40
BREWERIES.			
2775	Barley, unhulled.....	Kilo (gross weight).....	.003
2776	The same, toasted or germinated.....	do.....	.004
3126	Hops for the manufacture of beer.....	Kilo.....	Free.
2717	Beer in bottles.....	Liter.....	.20
2718	The same in other containers.....	do.....	.12
SOAP AND CANDLE FACTORIES.			
1769	Paraffin in bulk.....	Kilo (gross weight).....	1.10
1773	Rosin, Greek or Castile.....	do.....	.04
1774	Common rosin for soap makers.....	Per 100 kilos.....	.20
1777	Tallow, rendered.....	Per 100 kilos (gross weight).....	1.20
1778	Tallow, suet.....	do.....	1.00
2571	Stearine in bulk.....	Kilo (gross weight).....	1.05
2587	Common soap for washing clothes, and that of other classes, with or without mineral substances, for washing dishes and for other uses, including so-called Sapollo.	do.....	.10
2698	Candles of stearine, paraffin, or sperm, including weight of the small interior boxes which contain them.	Kilo.....	.22
TEXTILE MILLS.			
39	White cotton cloth, plain woven, or twilled, not provided for in other paragraphs, for underwear, including the so-called cotton "bramante" and material for lining.	Kilo (net weight).....	.50
57	Gray cotton sheetings, plain woven or twilled, less than 200 grams per square meter in weight, and Osma-burgs of more than 16 threads in warp and filling per square of 6 millimeters.	do.....	.26
46	Cotton trouserings, and other cloths not provided for in other paragraphs, of 200 grams weight per square meter, for men's and boys' clothing, including "amotapes," ticking, duck suitings, and Diablo Fuerte (corduroy and corded textiles).	do.....	.48

¹ Law of Nov. 16, 1910.

Under the shelter of these protective duties, importation of the following articles has been made prohibitive: Wheat, matches, of wood and wax¹, the hats mentioned in paragraphs 401, 402, and 403, and in greater part candles and soap, beer, gray sheetings, and white goods.

A new tariff, like the existing law, specific in its provisions, is proposed for Peru and, in the opinion of certain prominent Peruvians, it will be more protective of Peruvian industries than the tariff now in force (Law No. 1279).

As in Chile, there is an organization—the National Industrial Association—that labors for tariff protection. It is active in behalf of

¹ Modified by Law No. 2219 of Dec. 29, 1915.

favorable protective tariff legislation for typographic and lithographic plants, shoe factories, carbonated waters, cot and mattress factories, hat factories, breweries, cotton and woolen mills, knitting mills, iron and steel foundries and machine shops, distilleries, sawmills, dairies, and other industrial enterprises. In the interests of protection this association is conducting a vigorous campaign before the legislature, based on criticisms of the proposed tariff, which is so far advanced as to be available in draft, as completed by the commission on revision.¹ These efforts of the association are seconded by an artisans' union—Unión Universal—and the Confederation of Peruvian Workmen.

¹ Appointed under Law No. 1888 of Nov. 29, 1914.

EXHIBITS.

EXHIBIT I.

TABLES OF IMPORTS AND EXPORTS.

The following trade statistics of Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru are shown for normal trade conditions before the war on pages 228-243, inclusive.

TABLE 1.—VALUATION OF IMPORTS OF THE CHIEF COMMODITIES INTO BRAZIL, 1912, BY CLASSES AND BY COUNTRIES OF ORIGIN.

[Source: Commercio Exterior, Brazil. 1 milreis paper valued at \$0.3244 United States currency. Dollars, in thousands.]

Articles.	Total.	Countries from which imported.						
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.	Other countries.
Total imports *.....	308,662	48,175	77,721	53,090	27,788	12,112	16,615	73,161
Machinery, apparatus, tools, etc.....	34,743	11,500	9,050	9,369	2,371	405	209	1,339
Iron and steel, manufactures of.....	33,010	5,449	9,443	8,586	3,552	38	5,341	1,571
Flour and grain.....	28,379	4,128	83	170	41	19	1	b 23,937
Coal, coke, and briquette.....	20,900	2,798	17,751	114	52		58	c 9,174
Beverages.....	14,797	45	493	215	1,624	3,245		e 9,381
Carriages and other vehicles.....	14,338	3,120	1,458	2,225	2,085	803	4,266	811
Cotton piece goods.....	14,335	142	9,924	1,599	2,462	836	561	811
Chemical products, etc.....	7,010	643	1,574	1,896	1,815	247	53	1,052
Cotton goods, made up.....	6,741	255	1,731	2,567	1,880	162	94	d 5,786
Codfish.....	6,554	280	451	29	4	4		1,791
Paper, and manufactures of.....	6,129	370	261	2,512	672	329	194	48
Kerosene and gasoline.....	5,624	5,562	9	1	(e)		4	245
Cement.....	5,278	277	1,141	2,532	117		963	e 4,525
Beef (jerked), hams, and bacon.....	5,228	173	477	19	1	33		821
Steamers, sailing vessels, boats, etc.....	5,011	538	3,019	219	204	5	183	283
Arms and ammunition.....	4,745	1,038	129	2,522	229	1	593	571
Earthenware, porcelain, glass, etc.....	4,717	195	1,133	1,820	506	17	475	f 2,129
Milk and its products, and otherwise.....	4,182	18	40	27	1,030	937	(e)	137
Woolen goods in piece and otherwise.....	4,025	7	2,129	1,045	1,566	68	73	90
Copper goods, manufactures of.....	3,930	1,276	855	1,121	425	130	33	6
Lumber and timber.....	3,810	2,350	108	1,188	12	30	39	1,116
Hides and skins, prepared and tanned.....	3,618	563	245	1,590	900	53	228	55
Cotton yarn, thread, etc.....	3,459	38	2,599	1,396	70	292	19	65
Paint and dye materials, etc.....	3,405	251	1,361	1,095	178	27	400	83
All others.....	64,694	7,248	12,257	11,243	9,662	4,428	2,547	17,009

* The 24 specified classes of imports given above include 79 per cent of the total imports.

a Less than \$500.

b From Argentina, \$20,099 (thousands).

c From Portugal, \$8,327 (thousands).

d From Newfoundland, \$2,853 (thousands); from Norway, \$1,979 (thousands).

e From Uruguay, \$4,293 (thousands).

f From Switzerland, \$1,337 (thousands).

TABLE 3.—QUANTITY OF EXPORTS OF THE CHIEF COMMODITIES FROM BRAZIL, 1912, BY COUNTRIES OF DESTINATION.

[Source: Commercio Exterior, Brasil. Pounds, in thousands.]

Articles.	Total.	Countries to which exported.					
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.
Coffee, raw.	1,597,950	673,644	22,646	240,798	157,048	27,109	53,650
Rubber.	83,225	47,007	24,470	3,660	9,780	42	278
Misc.	138,627	4	(c)	7	7	42	.....
Hides.	79,929	1,876	1,532	31,486	21,835	885	5,540
Cocoa.	67,223	15,764	19,901	14,328	11,045	291	156
Tobacco.	64,467	.....	.....	42,408	.....	.....	46
Cotton.	36,990	.....	30,137	2,400	836	.....	1,104
Skins.	7,031	4,765	.....	267	1,310	(c)	487
Sugar.	10,520	.....	10,139	.....	2	.....	379

^aTo Holland, 156,517 M pounds.^bTo Argentina, 99,887 M pounds; to Uruguay, 31,839 M pounds; to Chile, 6,764 M pounds.^cLess than 1,102 pounds.

TABLE 4.—VALUATION OF IMPORTS OF THE CHIEF COMMODITIES INTO URUGUAY, 1911, BY CLASSES AND BY COUNTRIES OF ORIGIN.

[Source: Anuario Estadístico, Uruguay. 1 peso gold valued at \$1.034 United States currency. Dollars, in thousands.]

Articles.	Total.	Countries from which imported.							Other countries.
		United States.	United Kingdom.	Germany.	Argentina.	France.	Italy.	Belgium.	
Total imports*.	46,321	5,638	12,576	7,849	4,150	3,929	3,328	3,315	a 5,536
Foodstuffs	8,898	201	492	2,309	819	945	1,070	144	b 2,828
Textile materials, and manufactures of	8,696	232	4,204	1,368	259	852	1,126	410	141
Coal, glassware, pottery, etc.	5,142	40	3,092	513	185	481	138	552	c 521
Iron, steel, and manufactures of	5,115	666	1,494	1,055	419	175	21	1,162	81
Timber, wood, and manufactures of	3,776	1,738	1,220	338	596	111	89	173	d 1,017
Materials for public offices, legations, etc.	2,836	684	870	576	284	46	26	269	3
Beverages	2,212	3	61	37	26	516	544	8	15
Oils, inedible	1,447	1,293	43	19	81	5	(e)	3	19
Metals (other than iron and steel), and manufactures of	1,085	112	428	276	37	95	14	108	3
Chemical and pharmaceutical products	1,039	64	267	192	126	290	81	40	19
All others	7,615	555	1,405	1,166	1,328	453	219	446	563

* The 10 specified classes of imports given above include 87 per cent of the total imports.

a Brazil, \$2,060 (thousands); Spain, \$2,131 (thousands).

b Brazil, \$1,788 (thousands).

c Australia, \$231 (thousands).

d Spain, \$805 (thousands).

e Less than \$17.

f Including the following classes: Paper and pasteboard, \$1,023 (thousands); living animals, \$900 (thousands); tobacco and manufactures of, \$469 (thousands); leather and manufactures of, \$387 (thousands); paints, dyes, etc., \$312 (thousands).

TABLE 5.—VALUATION OF EXPORTS OF THE CHIEF COMMODITIES FROM URUGUAY, 1911 AND 1912, BY COUNTRIES OF DESTINATION.

[Source: Anuario Estadístico, Uruguay. 1 peso gold valued at \$1.084 United States currency. Dollars, in thousands.]

Articles.	Total.	Countries to which exported.							
		United States.	United Kingdom.	Germany.	Argentina.	France.	Italy.	Belgium.	Other countries.
Total exports.....	50,480 43,945	2,555 1,588	6,508 4,073	7,860 6,879	7,308 5,020	8,751 10,061	1,298 1,369	7,854 7,460	8,226 5,746
Animal and meat products (total).....	45,537	2,522	6,444	7,617	4,343	8,699	1,276	7,740	6,796
Wool.....	40,358	1,572	4,034	6,794	2,432	10,023	1,349	7,448	6,706
Hides, cattle, salted.....	26,723	789	3,486	6,321	2,961	5,586	998	4,766	1,795
Hides, cattle, dry.....	20,155	63	1,844	4,919	1,396	6,941	670	3,538	53
Hides, sheep, dry.....	4,199	667	358	857	244	266	3	1,723	14
Beef, jerked.....	4,527	299	149	1,299	215	407	53	2,091	13,084
Beef, frozen.....	3,164	4	8	.....	118	.....	(c)	.....	94,200
Hides, sheep, dry.....	4,409	13	7	.....	189	(c)	(c)	3	3
Hides, cattle, dry.....	3,018	57	42	.....	216	2,691	6	.....	3
Tallow.....	2,668	9	102	.....	116	2,439	(c)	.....	363
Beef, frozen.....	1,641	865	8	183	10	18	112	53	329
Beef, frozen.....	2,546	918	33	413	49	30	406	368	614
Beef, frozen.....	1,578	.....	601	29	104	23	55	153	551
Beef, frozen.....	1,060	983	11	11	98	9	163	86	16
Beef, frozen.....	1,263	1,119	.....	.....	73	.....	37	19	.....
Cattle.....	477	.....	477	.....	51	.....	(c)	14	526
Meat, canned.....	515	.....	.....	.....	70	.....	.....	5	440
Meat, extracted.....	587	.....	556	.....	.....	.....	.....	26	3
Meat, extracted.....	977	.....	878	.....	40	.....	.....	55	4
Meat, extracted.....	560	.....	3	.....	.....	.....	.....	557	.....
Meat, extracted.....	1,022	.....	14	.....	38	.....	.....	970	.....
Sheep.....	460	.....	.....	.....	318	.....	.....	40	102
Other articles.....	266	260	263	227	108	115	65	31	137
Mineral products (total).....	1,694	271	338	153	249	197	57	337	188
Sand.....	1,736	.....	.....	.....	133	.....	.....	354	244
Stone, common.....	2,319	9	1	4	2,230	.....	.....	.....	75
Other articles.....	2,112	10	1	4	2,006	(c)	2	(c)	89
Other articles.....	1,535	8	1	.....	1,511	.....	.....	.....	15
Other articles.....	1,357	10	1	.....	1,326	.....	2	.....	19
Other articles.....	407	.....	.....	.....	407	.....	.....	.....	.....
Other articles.....	437	.....	(c)	1	436	.....	.....	(c)	.....
Other articles.....	377	1	4	3	312	(c)	.....	.....	60
Other articles.....	318	.....	.....	.....	245	.....	.....	.....	70

Agricultural products (total).....	{1912 1911	2,135 1,982	.....	55 30	218 60	666 495	8 4	8 2	113 12	91,067 7,479
Flour, wheat.....	{1912 1911	1,886 391	.....	10 3	.....	33 (*)	.....	.....	.....	4,843 4,396
Flax.....	{1912 1911	518 409	.....	21 11	82 45	352 338	.....	2	61 9	2 5
Wheat.....	{1912 1911	385 77	.....	.....	.....	174 55	1	7	52	152 21
Bran.....	{1912 1911	112 11	.....	(*) .....	103 9	5 1	.....	.....	.....	4 1
Other articles.....	{1912 1911	234 194	.....	24 16	33 6	102 101	8 2	1	3	66 66
All other exports.....	{1912 1911	469 393	24 6	8 8	21 21	69 87	44 34	14 16	1	288 221

Chile, \$171 (thousands), and Spain, \$211 (thousands)

All to Portugal.

All to Brazil.

Brazil, \$434 (thousands).

Brazil, \$126 (thousands).

Brazil, \$975 (thousands).

Brazil, \$388 (thousands).

Brazil, \$799 (thousands).

Brazil, \$338 (thousands).

Brazil, \$140 (thousands).

Brazil, \$3,764 (thousands).

Brazil, \$2,317 (thousands).

Brazil, \$2,773 (thousands).

Brazil, \$2,893 (thousands).

Less than \$517.

Brazil, \$2,048 (thousands), and Cuba, \$955 (thousands).

Brazil, \$2,210 (thousands), and Cuba, \$1,848 (thousands).

Spain, \$345 (thousands).

Spain, \$392 (thousands).

Chile, \$194 (thousands), and Spain, \$239 (thousands).

TABLE 6.—APPRAISED VALUE OF IMPORTS OF THE CHIEF CLASSES OF COMMODITIES INTO ARGENTINA, 1912 AND 1913, BY COUNTRIES OF ORIGIN.*

[Source: Anuario de Estadística, Argentina, 1912 and 1913. 1 peso gold valued at \$0.965 United States currency. Dollars, in thousands.]

Articles.	Total.	Country from which imported.					
		United States.	United Kingdom.	Germany.	France.	Italy.	Belgium.
Total imports †	406,006 371,383	180,803 167,058	126,306 114,516	68,816 61,701	36,743 36,302	33,873 31,350	31,190 19,658
Textile materials and manufactures of	1913 1912	80,425 75,027	38,126 32,800	12,720 11,500	9,020 8,076	12,531 9,005	3,947 3,899
Iron and steel and manufactures of	1913 1912	55,940 50,360	10,711 10,424	17,218 14,301	3,032 3,553	0,439 430	0,639 1,039
Transportation materials	1913 1912	35,268 31,051	15,309 15,987	7,316 6,102	3,464 3,268	790 834	1,043 873
Coal, glassware, pottery, etc.	1913 1912	35,268 32,440	15,309 26,040	6,102 2,563	3,268 1,052	834 800	1,043 873
Foodstuffs	1913 1912	53,711 29,065	1,163 2,063	2,563 1,007	1,052 1,737	800 857	873 1,737
Building materials	1913 1912	20,833 24,190	11,458 11,630	1,007 1,000	1,737 1,061	857 0,076	1,737 3,008
Oils, fixed, volatile, etc.	1913 1912	22,817 17,800	2,044 1,274	842 310	1,061 2,605	0,076 3,008	3,008 3,073
Chemicals and pharmaceutical products	1913 1912	14,062 13,761	2,776 2,718	2,012 2,102	3,166 3,308	3,137 0,016	3,137 790
Metals and manufactures of, other than iron and steel	1913 1912	13,761 13,760	2,718 3,166	2,102 4,356	3,308 2,160	0,016 630	790 1,039
Beverages	1913 1912	13,551 14,163	3,166 4,44	4,113 243	2,077 4,373	616 4,006	1,039 3,008
Electrical materials	1913 1912	9,756 8,983	68 3,359	253 4,363	4,373 142	4,006 0,013	3,008 309
Agricultural implements, etc.	1913 1912	8,406 12,113	2,293 542	6,160 722	194 261	409 0,011	1,039 3,008
Other imports	1913 1912	48,004 47,317	10,150 10,586	12,006 11,008	5,404 6,038	3,269 3,007	10,449 9,008

* The items have not in all cases been adjusted to add to the totals.

† The 12 specified classes of imports given above include 83 per cent of Argentina's 1913 total imports and 87 per cent of the 1912 total. They include 88 per cent of the 1913 imports from the United States and 89 per cent for 1912.

c The valuations placed upon Argentine imports are arbitrary valuations, and are said on the authority of *La Nación* of Buenos Aires to understate actual value.

b Includes \$5,423,000 from English possessions.

c Includes \$5,036,000 from English possessions.

d Includes iron grooves, iron columns, and iron pipe, which have been transferred from "Building materials."

e Includes \$3,131,000 from Austria-Hungary, \$7,140,000 from Brazil, and \$3,650,000 from Spain.

f Includes \$3,161,000 from Spain and \$6,884,000 from Brazil.

g Not including iron grids, iron columns, and iron pipe, which have been included in "Iron and steel, and manufactures of."

h Includes \$1,230,000 from Mexico and \$1,463,000 from Spain.

i Includes \$1,230,000 from Spain.

j Includes \$492,000 from Switzerland.

k Includes \$890,000 from Spain and \$775,000 from Switzerland.

l Includes \$2,707,000 from Spain.

m Includes \$2,823,000 from Spain.

n Includes \$267,000 from Australia.

o Includes \$411,000 from Australia.

TABLE 7.—VALUATION OF EXPORTS OF THE CHIEF COMMODITIES FROM ARGENTINA, 1912 AND 1913, BY PRINCIPAL CLASSES AND PRINCIPAL COUNTRIES OF DESTINATION.

[Source: Anuario de Estadística, Argentina, 1912 and 1913. 1 peso gold valued at \$0.965 United States currency. Dollars, in thousands.*]

Articles.	Total.	Country to which exported.						
		United States.	United Kingdom.	Germany.	France.	Italy.	Belgium.	Other countries.
Total exports.....	466,532 463,577	22,094 31,267	116,155 117,125	55,889 52,105	36,399 34,790	19,338 20,408	31,586 35,934	6 185,122 6 171,938
Agricultural products.....	290,723	2,400	51,390	22,943	15,477	14,064	22,034	6 162,415
Live animals and meat products.....	268,450	27,446	49,505	22,455	7,956	12,746	24,663	6 148,550
Forest products.....	159,997	17,735	59,278	31,374	20,432	4,428	8,977	17,793
All other exports.....	181,028	26,808	62,914	26,032	26,565	7,253	10,474	19,562
	10,246	1,830	4,885	615	219	533	407	1,748
	8,669	1,760	3,869	711	153	264	470	1,435
	5,616	1,729	562	957	221	313	238	3,166
	4,830	243	839	858	115	145	341	2,260

* The items have not in all cases been adjusted to add to the totals.

a Includes \$23,458,000 to Brazil, \$21,862,000 to the Netherlands, and \$112,598,000 "consigned to order."

b Includes \$21,831,000 to Brazil, \$18,660,000 to the Netherlands, and \$110,892,000 "consigned to order."

c Includes \$15,831,000 to Brazil, \$18,576,000 to the Netherlands, and \$110,115,000 to Spanish and Portuguese possessions, "consigned to order."

d Includes \$15,988,000 to Brazil, \$13,315,000 to the Netherlands, and \$106,306,000 to Spanish and Portuguese possessions, "consigned to order."

TABLE 9.—VALUATION OF EXPORTS OF THE CHIEF COMMODITIES FROM CHILE, 1912-1913, BY COUNTRIES OF DESTINATION.

[Source: Estadística Comercial, Chile, 1912-1913. 1 peso gold valued at \$0.365 United States currency. Dollars, in thousands.]

Articles.	Total.	Countries to which exported.						
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.	Other countries.
Total exports.....	142,802 137,643	30,413 24,514	55,548 55,103	30,773 26,061	8,848 7,000	653 397	5,075 4,011	10,802 17,300
Mineral products (total).....	120,398	30,207	47,000	28,148	7,252	650	5,381	7,894
Saltpetre.....	122,055	24,426	48,800	26,033	6,323	397	4,381	13,003
.....	111,455	23,847	41,137	26,490	6,730	816	5,111	7,877
Copper.....	106,700	18,200	41,022	26,061	6,535	397	4,099	13,790
.....	8,026	4,006	2,970	74	32	133		133
Copper ore.....	8,108	4,223	3,044	99	203			
.....	2,311	1,054	1,280	18	8			
Iodine.....	3,006	1,333	1,716	(*)			17	(*)
.....	1,874	802	698	090			18	
Other articles.....	1,960	662	234	1,026	447		44	(*)
.....	2,701	50	1,064	874	485		101	194
.....	2,765	7	1,145	858			103	107
Animal products (total).....	9,207	20	5,479	1,032	1,547	2	260	297
Wool, sheep.....	7,591	87	4,001	1,013	1,385	(*)	87	189
.....	3,394	1	2,470	190	529		153	80
Meat, frozen.....	3,054	31	2,083	438	514		17	(*)
.....	1,562		1,562					
Hides, cattle.....	742		742					
.....	1,538		90	409	837		64	47
Other articles.....	1,080	1	122	276	617		23	39
.....	2,724	19	1,347	984	187		4	180
.....	2,705	55	1,104	1,127	264		8	107
Vegetable products (total).....	7,081	186	3,070	944	27		138	2,710
Wheat.....	7,240	1	2,740	1,144	80		280	8,090
.....	2,301		1,328	242			114	617
Oats.....	2,600		1,502	205			183	711
.....	1,265		1,194	70				2
Beans.....	862	1	710	113			30	8
.....	681		54	40	8			078
.....	585		28	50	(*)		2	005

Other articles.....	{1913 1912}	2,833 3,192	188 1	494 499	587 776	24 30	24 10	1,519 1,876
All other products.....	{1913 1912}	147 157	..... 1	(a) 1	29 23	23 31	1 1	95 100

* The items have not in all cases been adjusted to add to the totals.

a Less than \$500.

b In both years more than three-fourths of the beans exported went to Argentina, Brazil, and Uruguay.

TABLE 10.—QUANTITY OF EXPORTS OF THE CHIEF COMMODITIES FROM CHILE, 1912-1913, BY COUNTRIES OF DESTINATION.

[Source: Estadística Comercial, Chile, 1912-1913. Units in thousands.*]

Articles.	Unit.	Total.	Countries to which exported.					
			United States.	Great Britain.	Germany.	France.	Italy.	Belgium.
Mineral products:								
Salt-peter.....	{1913 1912}	5,877,523	1,261,485	2,162,073	1,393,983	358,692	27,117	272,271
Copper.....	{1913 1912}	5,508,249	939,610	2,148,925	1,190,055	285,719	20,593	211,644
Copper ore.....	{1913 1912}	83,143	64,108	26,308	948	1,581	1,003	.....
Copper ore.....	{1913 1912}	76,840	45,922	26,308	(a)	(a)	.....	.....
Iodine.....	{1913 1912}	68	33	34	(a)	(a)	.....	.....
Iodine.....	{1913 1912}	963	35	47	(a)	(a)	.....	.....
Iodine.....	{1913 1912}	1,010	289	390	357	.....	.....	.....
Animal products:								
Wool, sheep.....	{1913 1912}	28,188	11	20,745	1,638	4,273	.....	224
Meat, frozen.....	{1913 1912}	26,458	267	17,617	3,971	4,453	.....	2
Hides, cattle.....	{1913 1912}	11,290	7	11,290	3,913	7,117	.....	.....
Vegetable products:								
Wheat.....	{1913 1912}	1,921	.....	1,103	193	.....	.....	96
Oats.....	{1913 1912}	3,687	.....	3,497	183	.....	.....	169
Oats.....	{1913 1912}	2,714	2	2,234	355	.....	.....	141

* The items have not in all cases been adjusted to add to the totals.

a Less than 500 tons.

TABLE II.—VALUATION OF IMPORTS OF THE CHIEF COMMODITIES INTO BOLIVIA, 1912,* BY CLASSES AND BY COUNTRIES OF ORIGIN.

[Source: Comercio Especial, Bolivia, 1912. 1 boliviano gold valued at \$0.389 United States currency. Dollars, in thousands. †]

Articles.	Totals.	Country from which imported.									
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.	Chile.	Peru.	Argentina.	Other countries.
Total imports.....	\$19,259	\$1,787	\$3,528	\$6,424	\$948	\$832	\$1,000	\$1,549	\$1,471	\$1,178	\$331
Manufactured articles (total).....	12,580	1,092	2,910	5,061	744	459	943	505	378	216	371
Manufactures of iron.....	2,047	245	251	891	17	4	4	143	64	68	30
Cotton textiles.....	1,684	319	639	392	49	101	73	3	43	19	46
Woolen textiles.....	1,690	12	413	192	29	17	19	2	(*)	4	3
Arms and munitions.....	686	30	76	314	207	1	36	1	3	1	19
Powder and explosives.....	452	9	177	171	1	(*)	(*)	49	4	1	41
Mining machinery.....	447	42	92	225	19	24	58	5	3	(*)	4
Men's hats.....	398	3	17	86	24	209	35	(*)	7	9	7
Candles.....	366	(*)	236	93	3	(*)	18	3	5	3	3
Sheet iron and steel.....	349	11	70	153	5	(*)	77	13	11	5	3
Electric machinery and apparatus.....	340	11	12	260	7	(*)	32	13	3	3	1
Railway coaches and cars.....	272	12	134	102	(*)	(*)	1	3	23	(*)	(*)
Photographic, cinematographic and hoisting apparatus and machinery.....	251	18	16	154	11	(*)	14	18	13	3	4
Women's ready-made clothing.....	247	4	11	141	68	6	4	4	4	3	4
Laces, embroideries, trimmings, etc.....	189	1	20	123	15	8	9	4	4	3	4
Bonnets and articles of lace.....	174	8	18	102	7	22	4	1	1	3	10
Other ready-made clothing.....	298	6	36	161	25	24	16	5	3	6	16
All other.....	3,091	361	693	1,500	258	68	214	239	91	93	173
Food products and beverages (total).....	4,440	542	333	1,089	193	88	48	474	1,114	151	437
Refined sugar.....	1,196	6	6	167	4	1	(*)	6	1,022	19	66
Wheat flour.....	857	393	5	13	16	3	(*)	317	32	23	36
Spirituuous liquors.....	644	7	60	512	34	2	1	3	6	1	31
Rice.....	195	2	38	52	(*)	4	(*)	11	60	4	34
Heavy wines.....	175	1	17	33	19	18	9	3	1	1	74
Canned shellfish and mollusks.....	125	68	13	14	26	3	3	2	3	3	17
Ordinary wines.....	121	2	9	25	26	8	2	22	3	1	33
All other.....	1,128	62	205	224	90	51	33	114	88	73	138
Raw and slightly wrought materials (total).....	1,313	153	158	324	11	5	9	561	75	9	9
Coal.....	675	4	93	136	(*)	(*)	2	410	29	(*)	1
Building lumber and cabinet woods.....	248	102	30	7	1	(*)	2	87	10	1	(*)
Cement.....	148	1	21	119	(*)	(*)	1	(*)	4	(*)	1

Mineral oil and its derivatives.....	86	35	5	19	4	(a)	5	16	(a)	7	2
All other.....	156	11	10	44	6	4	69	7			5
Live animals (total).....	819										
Horses.....	482						10	4		802	4
Cattle.....	303						7	3		469	4
All other.....	34						3	1		303	
Gold and silver.....	107		107							30	

* While the report was in press later statistics were issued.

† The items have not in all cases been adjusted to add to the totals.

a Less than \$500.

TABLE 12.—VALUATION OF EXPORTS OF THE CHIEF COMMODITIES FROM BOLIVIA, 1912, BY COUNTRIES OF DESTINATION.

[Source: Comercio Especial, Bolivia, 1912. 1 boliviano gold valued at \$0.369 United States currency. Dollars, in thousands.*]

Articles.	Total.	Country to which exported.									
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.	Chile.	Peru.	Argentina.	Other countries.
Total exports †.....	\$35,058	\$152	\$26,045	\$4,357	\$2,129		\$1,377	\$331	\$371	\$272	\$25
Tin.....	23,433	5	22,222	1,033	159		13				
Rubber.....	6,033	142	2,719	1,823	579		754		2		15
Silver ore.....	1,676		465	1,207	(a)					4	
Copper ore.....	1,318		19	9	1,268		3				
Bismuth.....	783		166	22			596				
Gold coin.....	505	(a)	(a)	1	1			196	347	230	
Coca leaves.....	286		154	3	18			54			
Woolram-tungsten.....	202		163	31				1	4	(a)	
Silver coin.....	108						(a)				
Zinc ore.....	128		18	128							
Hides, salted.....	107	2	2	74	60				(a)	11	7
Lead ore.....	84		56							8	
Gold bullion.....	56	4	61	17							
All other b.....	278				25		11	120	18	20	2

* The items have not in all cases been adjusted to add to the totals.

† The 13 specified articles of exports given above include 98.2 per cent of the total exports.

a Less than \$500.

b The important items in "All other" are leather goods, live cattle, vehicles, quinine, and live sheep, and the total exports of all these, except quinine and leather goods, went to Chile.

TABLE 14.—VALUATION OF EXPORTS OF THE CHIEF COMMODITIES FROM PERU, 1913, BY COUNTRIES OF DESTINATION.

[Source: Estadística Comercio Especial, Peru, 1913. 1 pound (£p.) gold valued at \$4.86656 United States currency. Dollars, in thousands.*]

Articles.	Total.	Countries to which exported.						
		United States.	Great Britain.	Germany.	France.	Italy.	Belgium.	Chile.
Total exports †.....	44,471	14,760	15,561	2,973	1,567	10	1,217	5,855
Copper, silver, lead, gold, etc., in ores, bars, matte, etc.....	13,510	9,076	2,239	1,397	24	(a)	759	5
Cotton.....	6,930	818	5,316	78	63	(a)	5	44
Sugar.....	6,876	214	2,321	10	10	(a)	5	3,969
Petroleum.....	4,429	3,416	(a)	(a)	1,144	(a)	5	542
Rubber, resin, etc.....	3,971	535	1,805	448	10	5	10	24
Wool.....	2,516	185	2,292	5	238	5	438	58
Hides.....	930	219	24	375	15	5	5	49
Guanaco.....	730	190	146	146	15	(a)	5	141
Hays, straw.....	579	190	161	112	15	(a)	5	326
Cottonseed.....	516	107	360	10	63	5	5	54
Rice.....	380	107	1,397	392	63	5	5	497
All other exports.....	3,104	107	1,397	392	63	5	5	636

* The items have not in all cases been adjusted to add to the totals.

† The 11 specified articles given above include 93 per cent of the total exports.

a Less than \$2,433.

EXHIBIT II.

TARIFF, CUSTOMS, AND STATISTICAL PUBLICATIONS.

The tariff laws of practically all the countries of Latin America are published in English in the *International Customs Journal*, published by the International Customs Tariff Bureau, Brussels, Belgium. These translations are made with great care, but the bureau does not assume responsibility for their accuracy, and in cases of dispute the original text should be consulted. The customs regulations of the countries of Latin America have not been fully translated into English, but in this report certain parts have been quoted.

Brazil.—The tariff law of Brazil is entitled “*Tarifa das Alfandegas Revista de Accordo com as Leis Ns. 640 e 651 de 14 e 22 de Novembro de 1899*,” Rio de Janeiro, Imprensa Nacional, reprint of 1913. Changes are made from time to time in this basic law and the changes are published in the *Diario Oficial*. The *Diario Oficial* is the official gazette of Brazil and should be consulted for all matters relating to the Government. The customs regulations of Brazil, with an index, are published in a volume entitled “*Nova Consolidação das Leis das Alfandegas e Mesas de Rendas da Republica*,” Rio de Janeiro, 1915.

The statistics of imports and exports of Brazil are published by the *Directoria de Estatistica Commercial*, which is under the *Ministerio da Fazenda*.

Valuable statistics are published by the State of São Paulo and may be obtained from the *Secretaria dos Negocios da Fazenda do Estado de São Paulo*. Complete and detailed statistics relating to the exportation of coffee may be obtained from the *Associação Commercial de Santos*.

Uruguay.—The tariff law of Uruguay is entitled “*Tarifas de Importación y Exportación*,” Montevideo, 1912, supplemented by *Nuevo Anexo a las Tarifas Vigentes 1912-13*, Montevideo, 1914. The customs laws, regulations, and decrees of Uruguay are contained in *Código de Aduanas*, by Pablo V. Goyena, Montevideo, 1910, and *Legislación Aduanera*, compiled by Vicente B. Antuña, Montevideo, 1915. Valuable detailed information relating to customs matters will be found in a Uruguayan publication entitled “*La Aduana Uruguaya*.”

Argentina.—The tariff law of Argentina is entitled “*Tarifa de Avalúos*,” Buenos Aires, 1911; and the customs regulations and decrees are published in *Ordenanzas de Aduana*, Buenos Aires, 1909, and *Ley de Aduana y Decreto Reglamentario*, Buenos Aires, 1910. A digest of the treasury laws of Argentina is entitled “*Digesto de Hacienda*,” compiled by Señores J. Hiram Pozzo and Federico Rodríguez Anido, Buenos Aires, 1904.

The import and export statistics of Argentina are published by the *Dirección General de Estadística de la Nación*. Other valuable data may be had from the *Dirección General de Comercio e Industria*, *Ministerio de Agricultura*, Buenos Aires. This Government department is now publishing an industrial census of the Republic by Provinces.

Chile.—The title of the new Chilean tariff law enacted in 1916 is *Arancel Aduanero*. The old act which it supersedes was entitled

"Tarifa de Avalúos." The customs laws, regulations, and decrees of Chile have been compiled in a volume entitled "Novísima Recopilación de Disposiciones Aduaneras," by Señores Arsenio Olguin and Marcos Walton Green, Valparaíso, 1914. General customs data are published from time to time in the Boletín Oficial de la Superintendencia de Aduanas, Valparaíso.

The statistics of Chile are published by the Oficina Central de Estadística, Santiago. Valuable information relating to the nitrate of soda industry can be obtained from the publications of the Asociación Salitrera de Propaganda, Iquique, Chile. General information relating to the industries of Chile may be found in the Boletín de la Sociedad de Fomento Fabril, published by the Sociedad de Fomento Fabril at Santiago. This organization also publishes pamphlets upon economic subjects from time to time.

Bolivia.—The customs tariff of Bolivia is entitled "Tarifa de Avalúos," La Paz, 1906, and "Adiciones y Modificaciones a la Tarifa de Avalúos," La Paz, 1911. The customs regulations of Bolivia are entitled "Leyes Orgánicas y Reglamento General de Aduanas," La Paz, 1915.

The statistics of Bolivia are published by the Sección de Estadística Comercial, Dirección General de Aduanas, La Paz.

Peru.—The customs tariff of Peru is entitled "Ley de Tarifa de Derechos de Aduana," 1910, Lima, 1912. The customs laws, regulations, and decrees are found in Reglamento de Comercio y Aduanas del Perú, Lima, 1911; Recopilación de Leyes, Decretos y Resoluciones, compiled by Señor Pedro M. Gárate de la Fuente, two volumes, Lima, 1911; and Tarifa de los Muelles de la República y Resoluciones Aclaratorias, by Señor Lisandro Caceres, Lima, 1912. General information relating to customs is published in the Boletín de las Aduanas del Perú, published at Callao.

Information relating to the industries of Peru is published from time to time in the official organ of the Sociedad Nacional de Industrias, "Industria," Lima, Peru.

In 1903 a customs congress of the American Republics was held at New York. Its proceedings are published in Senate Document No. 180, Fifty-seventh Congress, second session.

EXHIBIT III.

TABLE OF EQUIVALENTS.

1 ounce avoirdupois	=28.3495406 grams.
1 pound avoirdupois	=453.59265 grams.
1 kilo	=1,000 grams.
1 kilo	=2.2046212 pounds avoirdupois.
1 inch	=25.399541 millimeters.
1 foot	=30.4794493 centimeters.
1 yard	=91.438348 centimeters.
1 meter	=1,000 millimeters or 100 centimeters.
1 meter	=1.093633 yards.
1 square inch	=6.4513668301 square centimeters.
1 square foot	=0.09289968113 square meter.
1 square yard	=0.83609714849 square meter.
1 square meter	=1.1960332 square yards.
1 cubic inch	=16.386175 cubic centimeters.
1 cubic foot	=0.028315311 cubic meter.
1 cubic yard	=0.764513397 cubic meter.
1 cubic meter	=35.316581 cubic feet.
1 pint	=0.47317 liter.
1 quart	=0.94634 liter.
1 gallon	=3.78536 liters.
1 liter or cubic decimeter	=1,000 milliliters or 100 centiliters.
1 liter	=1.0567 quarts.
1 hectoliter	=100 liters.
Brazilian gold milreis	= \$0.5462.
Brazilian paper milreis fluctuates in value, and current value is approximately	\$0.243.
Uruguayan peso	= \$1.0342.
Argentine gold peso	= \$0.9648.
Argentine paper peso (parity maintained at 44 per cent of Argentine gold peso)	= \$0.4245.
Chilean gold peso	= \$0.365.
Chilean paper peso fluctuates in value. In February, 1916, ₡5.85 paper could be pur- chased in Chile for \$1 United States currency.	
Bolivian boliviano	= \$0.3893.
Peruvian sol	= \$0.48665.
Peruvian pound (10 soles or £p.)	= \$4.8665.



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